KHAI-MA
MUNICIPALITY

AUDITED FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

30 JUNE 2019

KHAI-MA MUNICIPALITY

Index

Contents	Page
General Information	1 - 2
Approval of the Financial Statements	3
Report of the Auditor General	4
Statement of Financial Position	5
Statement of Financial Performance	6
Statement of Changes In Net Assets	7
Cash Flow Statement	8
Statement of Comparison of Budget and Actual Amounts - Statement of Financial Position	9
Statement of Comparison of Budget and Actual Amounts - Statement of Financial Performance	10
Statement of Comparison of Budget and Actual Amounts - Cash Flow Statement	11
Accounting Policies	12 - 50
Notes to the Financial Statements	51 - 91

APPENDICES

A	Schedule of External Loans	92
B	Segmental Statement of Financial Performance - GFS Classifications	93
C	Segmental Statement of Financial Performance - Municipal Votes	94
D	Segmental Analysis of Property, Plant and Equipment - GFS Classifications	95
E	Disclosure of Grants and Subsidies In Terms of Section 123 of MFMA, 56 of 2003	96
F	Appropriation Statements	97 - 105

KHAI-MA MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

GENERAL INFORMATION

NATURE OF BUSINESS

Khai-Ma Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Khai-Ma Municipality includes the areas of Pofadder, Aggeneys, Pella, Witbank and Onseepkans.

EXECUTIVE MAYOR

PA van Heerden

MUNICIPAL MANAGER

OJ Isaacs

CHIEF FINANCIAL OFFICER

PJ van der Merwe

REGISTERED OFFICE

P.O. Box 108
Pofadder
8890

AUDITORS

Office of the Auditor-General (Province)

PRINCIPLE BANKERS

The Standard Bank of S.A. Ltd

KHAI-MA MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

GENERAL INFORMATION

ATTORNEYS

Van der Merwe/Miller Ing.

RELEVANT LEGISLATION

Basic Conditions of Employment Act (Act no 75 of 1997)
Collective Agreements
Division of Revenue Act
Electricity Act (Act no 41 of 1987)
Employment Equity Act (Act no 55 of 1998)
Housing Act (Act no 107 of 1997)
Infrastructure Grants
Municipal Budget and Reporting Regulations
Municipal Finance Management Act (Act no 56 of 2003)
Municipal Planning and Performance Management Regulations
Municipal Property Rates Act (Act no 6 of 2004)
Municipal Regulations on Standard Chart of Accounts
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Systems Amendment Act (Act no 7 of 2011)
SALBC Leave Regulations
Skills Development Levies Act (Act no 9 of 1999)
Supply Chain Management Regulations, 2005
The Income Tax Act
Unemployment Insurance Act (Act no 30 of 1966)
Value Added Tax Act
Water Services Act (Act no 108 of 1997)

MEMBERS OF THE KHAI-MA MUNICIPALITY

WARD	COUNCILLOR
1	B Josop
2	E Cloete
3	PA van Heerden
4	S Quincy
Proportional	S Brandt
Proportional	A van Wyk
Proportional	S April

KHAI-MA MUNICIPALITY

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2019, which are set out on pages 5 to 100 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2020 and am satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

The annual financial statements were prepared on the going concern basis and the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

OJ Isaacs
Municipal Manager

31 AUGUST 2019
Date

KHAI-MA MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2019

	Notes	2019 R	2018 R
ASSETS			
Non-Current Assets		**121 910 977**	**117 007 157**
Property, Plant and Equipment	2	117 528 853	111 201 397
Investment Property	3	4 186 576	5 519 218
Intangible Assets	4	195 548	286 542
Current Assets		**12 280 125**	**9 853 439**
Inventory	6	2 202 625	1 339 531
Receivables from Exchange Transactions	7	2 338 968	2 570 546
Receivables from Non-exchange Transactions	8	1 084 060	363 401
Taxes	17	5 460 482	4 646 751
Cash and Cash Equivalents	9	1 193 990	933 210
Total Assets		**134 191 102**	**126 860 596**
NET ASSETS AND LIABILITIES			
Non-Current Liabilities		**20 485 199**	**15 330 904**
Long-term Borrowings	10	-	-
Non-current Provisions	11	14 159 725	8 662 988
Non-current Employee Benefits	12	6 325 474	6 667 916
Current Liabilities		**58 294 446**	**52 579 803**
Consumer Deposits	13	178 579	156 639
Provisions	11	12 948 628	17 102 959
Current Employee Benefits	14	2 708 138	2 435 923
Trade and Other Payables from Exchange Transactions	15	40 890 977	29 533 894
Unspent Transfers and Subsidies	16	1 464 921	3 215 896
Operating Lease Liability	5	103 203	105 804
Current Portion of Long-term Borrowings	10	-	28 688
Total Liabilities		**78 779 645**	**67 910 707**
Net Assets		**55 411 457**	**58 949 889**
Housing Development Fund	19	-	-
Revaluation Reserve	19	27 986 997	28 174 539
Accumulated Surplus/(Deficit)		27 424 460	30 775 350
Total Net Assets and Liabilities		**134 191 102**	**126 860 596**

KHAI-MA MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 R	2018 R
REVENUE			
Revenue from Non-exchange Transactions		**49 226 757**	**52 105 035**
Taxation Revenue		**5 336 443**	**5 075 376**
Property Rates	20	5 310 563	5 053 365
Surcharges and Taxes		25 880	22 011
Transfer Revenue		**34 986 758**	**38 017 665**
Government Grants and Subsidies	21	34 986 758	37 639 480
Contributed Property, Plant and Equipment		-	378 185
Other Revenue		**8 903 556**	**9 011 994**
Actuarial Gains	12	1 333 012	283 927
Availability Charges	22	4 164 898	3 893 670
Fines. Penalties and Forfeits		68 125	54 832
Interest Earned - Non-exchange Transactions		358 180	296 795
Operational Revenue	29	2 979 341	4 482 770
Revenue from Exchange Transactions		**16 869 394**	**16 615 640**
Service Charges	24	12 674 345	12 426 563
Sales of goods and rendering of services	25	45 108	26 819
Rental from Fixed Assets	26	231 876	213 825
Interest Earned - External Investments	27	293 490	659 591
Interest Earned - Exchange Transactions	28	3 406 110	2 885 264
Licences and Permits	23	41 239	33 688
Agency Services		174 197	242 808
Operational Revenue	29	3 029	127 081
Total Revenue		**66 096 152**	**68 720 675**
EXPENDITURE			
Employee related costs	30	(22 194 608)	(20 868 494)
Remuneration of Councillors	31	(2 593 917)	(2 661 775)
Contracted Services	32	(3 302 677)	(2 036 910)
Depreciation and Amortisation	33	(7 428 546)	(9 265 266)
Actuarial Losses	12	(168 759)	(19 535)
Finance Costs	34	(3 858 021)	(3 532 844)
Bulk Purchases	35	(10 210 900)	(9 197 561)
Inventory Consumed	6	(1 553 616)	(1 812 084)
Operational Costs	36	(7 668 376)	(6 182 060)
Total Expenditure		**(58 979 421)**	**(55 576 529)**
Operating Surplus/(Deficit) for the Year		**7 116 731**	13 144 147
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	6	(8 000)	-
Reversal of Impairment Loss/(Impairment Loss) on Receivables	37	(7 849 756)	(8 895 501)
Gains/(Loss) on Sale of Fixed Assets	38	(75 562)	(5 736)
Water Losses	39	(2 721 845)	(3 196 540)
NET SURPLUS/(DEFICIT) FOR THE YEAR		**(3 538 432)**	**1 046 370**

KHAI-MA MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2019

	Housing Development Fund	Revaluation Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R	R
Balance at 1 July 2017	**16 155**	**28 362 081**	**30 912 595**	**59 290 831**
Correction of Error - Note 41.10	(16 155)	-	(1 371 158)	(1 387 313)
Restated balance	0	28 362 081	29 541 437	57 903 518
Net Surplus/(Deficit) for the year	-	-	1 046 370	1 046 370
Net Surplus/(Deficit) previously reported	-	-	782 428	782 428
Effects of Correction of Errors - Note 41.11	-	-	263 942	263 942
Offsetting of depreciation	-	(187 542)	187 542	-
Restated balance at 30 June 2018	**0**	**28 174 539**	**30 775 349**	**58 949 888**
Net Surplus/(Deficit) for the year	-	-	(3 538 432)	(3 538 432)
Transfer to Housing Development Fund	-	-	-	-
Offsetting of depreciation	-	(187 542)	187 542	-
Balance at 30 June 2019	**0**	**27 986 997**	**27 424 458**	**55 411 456**

KHAI-MA MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 R	2018 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts			
Taxation		5 537 799	3 886 190
Service Charges		12 852 078	11 109 197
Other Revenue		2 754 179	5 194 466
Government - Operating		18 873 783	17 878 843
Government - Capital		14 362 000	13 825 000
Interest		293 490	659 591
Dividends		-	-
Cash payments			
Suppliers and Employees		(38 866 123)	(41 106 856)
Finance Charges		(1 870 454)	(1 662 835)
Transfers and Grants		-	-
Net Cash from Operating Activities	42	**13 936 752**	**9 783 596**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(13 646 457)	(15 416 764)
Purchase of Intangible Assets		(22 767)	(26 258)
Net Cash from Investing Activities		**(13 669 224)**	**(15 443 022)**
CASH FLOW FROM FINANCING ACTIVITIES			
Increase/(Decrease) in Consumer Deposits		21 941	30 164
Repayment of Borrowing		(28 688)	(25 546)
Net Cash from Financing Activities		**(6 748)**	**4 618**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		260 780	(5 654 807)
Cash and Cash Equivalents at the beginning of the year		933 210	6 588 017
Cash and Cash Equivalents at the end of the year	43	1 193 990	933 210
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**260 780**	**(5 654 807)**

KHAI-MA MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2019

	Notes	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Shifting of Funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved by-law)	Final Budget	Actual Outcome	Actual Outcome as % of Final Budget
		R	R	R	R	R	R	2019 R	%
ASSETS									
Current Assets									
Cash		823 163	(406 399)	416 764	-	-	416 764	258 387	-38.00%
Call Investment Deposits		400 000	-	400 000	-	-	400 000	935 603	133.90%
Consumer Debtors		11 337 039	(9 000 000)	2 337 039	-	-	2 337 039	2 452 143	4.93%
Other Debtors		1 123 613	-	1 123 613	-	-	1 123 613	6 431 367	472.38%
Current Portion of long-term receivables		-	-	-	-	-	-	-	-
Inventory		528 878	-	528 878	-	-	528 878	2 202 625	316.47%
Total Current Assets	46.2.1	14 212 693	(9 406 399)	4 806 294	-	-	4 806 294	12 280 125	155.50%
Non-Current Assets									
Long-term Receivables		-	-	-	-	-	-	-	-
Investments		-	-	-	-	-	-	-	-
Investment Property		1 279 359	-	1 279 359	-	-	1 279 359	4 186 576	227.24%
Investment in Associates		-	-	-	-	-	-	-	-
Property, Plant and Equipment		161 855 451	10 715 441	172 570 892	-	-	172 570 892	117 528 853	-31.90%
Agricultural Assets		-	-	-	-	-	-	-	-
Biological Assets		-	-	-	-	-	-	-	-
Intangible Assets		5 316	-	5 316	-	-	5 316	195 548	3578.48%
Other Non-Current Assets		-	-	-	-	-	-	-	-
Total Non-Current Assets	46.2.2	163 140 126	10 715 441	173 855 567	-	-	173 855 567	121 910 977	-29.88%
TOTAL ASSETS		177 352 819	1 309 042	178 661 861	-	-	178 661 861	134 191 102	-24.89%
LIABILITIES									
Current Liabilities									
Bank Overdraft		-	-	-	-	-	-	-	-
Borrowing		-	-	-	-	-	-	-	-
Consumer Deposits		131 681	-	131 681	-	-	131 681	178 579	35.62%
Trade and Other Payables		24 148 919	(21 735 763)	2 413 156	-	-	2 413 156	45 167 239	1771.71%
Provisions		2 413 156	26 235 763	28 648 919	-	-	28 648 919	12 948 628	-54.80%
Total Current Liabilities	46.2.3	26 693 756	4 500 000	31 193 756	-	-	31 193 756	58 294 446	86.88%
Non-Current Liabilities									
Borrowing		-	-	-	-	-	-	-	-
Provisions		18 736 843	(66 253)	18 670 590	-	-	18 670 590	20 485 199	9.72%
Total Non-Current Liabilities		18 736 843	(66 253)	18 670 590	-	-	18 670 590	20 485 199	9.72%
TOTAL LIABILITIES		45 430 599	4 433 747	49 864 346	-	-	49 864 346	78 779 645	57.99%
NET ASSETS									
Accumulated Surplus/(Deficit)		103 769 483	(3 124 705)	100 644 778	-	-	100 644 778	27 424 460	-72.75%
Reserves		28 152 737	-	28 152 737	-	-	28 152 737	27 986 997	-0.59%
TOTAL NET ASSETS	46.2.4	131 922 220	(3 124 705)	128 797 515	-	-	128 797 515	55 411 457	-56.98%

KHAI-MA MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019

	Notes	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Shifting of Funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved by-law)	Final Budget	Actual Outcome	Actual Outcome as % of Final Budget
		R	R	R	R	R	R	2019 R	%
REVENUE									
Property Rates		5 065 730	204 369	5 270 099	-	-	5 270 099	5 310 563	0.77%
Service Charges - Electricity Revenue		9 015 640	(476 000)	8 539 640	-	-	8 539 640	8 304 776	-2.75%
Service Charges - Water Revenue		6 584 080	(267 167)	6 316 913	-	-	6 316 913	1 778 357	-71.85%
Service Charges - Sanitation Revenue		1 043 215	265 678	1 308 893	-	-	1 308 893	1 380 944	5.50%
Service Charges - Refuse Revenue		1 090 620	100 000	1 190 620	-	-	1 190 620	1 210 268	1.65%
Rental of Facilities and Equipment		186 700	-	186 700	-	-	186 700	231 876	24.20%
Interest Earned - External Investments		200 000	-	200 000	-	-	200 000	293 490	46.75%
Interest Earned - Outstanding Debtors		1 996 446	1 680 000	3 676 446	-	-	3 676 446	3 764 290	2.39%
Dividends Received		-	-	-	-	-	-	-	-
Fines		42 120	35 000	77 120	-	-	77 120	68 125	-11.66%
Licences and Permits		71 820	10 300	82 120	-	-	82 120	41 239	-49.78%
Agency Services		179 010	-	179 010	-	-	179 010	174 197	-2.69%
Transfers Recognised - Operational		22 103 913	(1 000 000)	21 103 913	-	-	21 103 913	22 124 637	4.84%
Other Revenue		26 561	3 000	29 561	-	-	29 561	7 218 257	24318.17%
Gains on Disposal of PPE		-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	46.2.5	47 605 855	555 180	48 161 035	-	-	48 161 035	51 901 019	7.77%
EXPENDITURE									
Employee Related Costs		28 124 979	(1 131 346)	26 993 633	-	-	26 993 633	21 030 355	-22.09%
Remuneration of Councillors		3 240 594	(218 004)	3 022 590	-	-	3 022 590	2 593 917	-14.18%
Debt Impairment		4 996 486	-	4 996 486	-	-	4 996 486	7 849 756	57.11%
Depreciation and Asset Impairment		3 008 135	862 458	3 870 593	-	-	3 870 593	7 428 546	91.92%
Finance Charges		1 532 776	600 000	2 132 776	-	-	2 132 776	3 858 021	80.89%
Bulk Purchases		13 258 400	400 000	13 658 400	-	-	13 658 400	10 210 900	-25.24%
Other Materials		5 271 461	(2 351 052)	2 920 409	-	-	2 920 409	1 561 616	-46.53%
Contracted Services		4 252 032	645 604	4 897 636	-	-	4 897 636	3 302 677	-32.57%
Transfers and Grants		-	-	-	-	-	-	-	-
Other Expenditure		5 399 762	2 399 621	7 799 383	-	-	7 799 383	10 390 221	33.22%
Loss on Disposal of PPE		-	-	-	-	-	-	75 562	-
Total Expenditure	46.2.6	69 084 625	1 207 281	70 291 906	-	-	70 291 906	68 301 572	-2.83%
Surplus/(Deficit)		(21 478 770)	(652 101)	(22 130 871)	-	-	(22 130 871)	(16 400 553)	-25.89%
Transfers Recognised - Capital		27 356 087	7 527 396	34 883 483	-	-	34 883 483	12 862 121	-63.13%
Contributions Recognised - Capital		-	-	-	-	-	-	-	-
Contributed Assets		-	-	-	-	-	-	-	-
Surplus/(Deficit) after Capital Transfers & Contributions		5 877 317	6 875 295	12 752 612	-	-	12 752 612	(3 538 432)	-127.75%
Taxation		-	-	-	-	-	-	-	-
Surplus/(Deficit) after Taxation		5 877 317	6 875 295	12 752 612	-	-	12 752 612	(3 538 432)	-127.75%
Attributable to Minorities		-	-	-	-	-	-	-	-
Surplus/(Deficit) Attributable to Municipality		5 877 317	6 875 295	12 752 612	-	-	12 752 612	(3 538 432)	-127.75%
Share of Surplus/(Deficit) of Associate		-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		5 877 317	6 875 295	12 752 612	-	-	12 752 612	(3 538 432)	-127.75%

KHAI-MA MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2019

	Notes	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Shifting of Funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved by-law)	Final Budget	Actual Outcome	Actual Outcome as % of Final Budget
		R	R	R	R	R	R	2019 R	%
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Taxation		4 503 896	(287 817)	4 216 079	-	-	4 216 079	5 537 799	31.35%
Service Charges		13 549 347	(2 723 182)	10 826 165	-	-	10 826 165	12 852 078	18.71%
Other Revenue		462 159	(242 558)	219 601	-	-	219 601	2 754 179	1154.17%
Government - Operating		22 103 913	-	22 103 913	-	-	22 103 913	18 873 783	-14.61%
Government - Capital		27 356 087	6 527 396	33 883 483	-	-	33 883 483	14 362 000	-57.61%
Interest		1 725 391	767 860	2 493 251	-	-	2 493 251	293 490	-88.23%
Dividends		-	-	-	-	-	-	-	-
Payments									
Suppliers and Employees		(43 204 699)	2 129 799	(41 074 900)	-	-	(41 074 900)	(38 866 123)	-5.38%
Finance costs		-	-	-	-	-	-	(1 870 454)	-100.00%
Transfers and Grants		-	-	-	-	-	-	-	-
Net Cash from/(used) Operating Activities	46.2.7	26 496 094	6 171 498	32 667 592	-	-	32 667 592	13 936 752	-57.34%
CASH FLOW FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-
Decrease/(Increase) in Non-Current Debtors		-	-	-	-	-	-	-	-
Decrease/(Increase) in Other Non-Current Receivables		-	-	-	-	-	-	-	-
Decrease/(Increase) in Non-Current Investments		-	-	-	-	-	-	-	-
Payments									
Capital Assets		(27 506 087)	(6 577 899)	(34 083 986)	-	-	(34 083 986)	(13 669 224)	-59.90%
Net Cash from/(used) Investing Activities	46.2.8	(27 506 087)	(6 577 899)	(34 083 986)	-	-	(34 083 986)	(13 669 224)	-59.90%
CASH FLOW FROM FINANCING ACTIVITIES									
Receipts									
Short Term Loans		-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-
Increase/(Decrease) in Consumer Deposits		5 205	(1)	5 204	-	-	5 204	21 941	321.62%
Payments									
Repayment of Borrowing		(28 688)	-	(28 688)	-	-	(28 688)	(28 688)	0.00%
Net Cash from/(used) Financing Activities	46.2.9	(23 483)	(1)	(23 484)	-	-	(23 484)	(6 748)	-71.27%
NET INCREASE/(DECREASE) IN CASH HELD		(1 033 476)	(406 402)	(1 439 878)	-	-	(1 439 878)	260 780	-118.11%
Cash and Cash Equivalents at the year begin:		2 256 639	3	2 256 642	-	-	2 256 642	933 210	-58.65%
Cash and Cash Equivalents at the year end:		1 223 163	(406 399)	816 764	-	-	816 764	1 193 989	46.19%

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The annual financial statements have been prepared in accordance with the Finance Management Act (MFMA) and effective Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – March 2015) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

A summary of the significant accounting policies, which have been consistently applied except where an exemption or transitional provision has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the annual financial statements.

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to Property, Plant and Equipment, Investment Property and Intangible Assets where the acquisition cost of an asset could not be determined.

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand. No foreign exchange transactions are included in the statements.

1.3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

The Municipal Regulations on Standard Chart of Accounts (mSCOA) came into effect on 1 July 2017. The mSCOA Charts are updated annually by National Treasury. The municipality has realigned items in the financial statements with the Item Segment of mSCOA Version 6.2, on which the municipality was required to transacted for periods after 1 July 2018. The result of this process was a reclassification and naming of items in the annual financial statements. The reclassification of 2018 audited amounts are set out in note 41 of the annual financial statements.

1.5. AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include errors.

1.6. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

1.7. PRESENTATION OF BUDGET INFORMATION

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as separate additional financial statements, namely Statements of comparison of budget and actual amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

- the approved and final budget amounts;

- actual amounts and final budget amounts;

Explanations for differences between the approved and final budget are included in the Notes to the Financial Statements.

Explanations for material differences between the final budget amounts and actual amounts are included the notes to the annual financial statements.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24.

1.8. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

GRAP 18 Segment Reporting is effective from 1 April 2015. The implementation of GRAP 18 is delayed, in terms of Directive 5, for municipalities for the 2018/19 financial year and municipalities are not required to apply or early adopt GRAP 18. The implementation date of GRAP 18 is 1 April 2020.

The following GRAP standards and Interpretations of the Standards of GRAP have been issued but are not yet effective and have not been early adopted by the municipality:

REFERENCE	TOPIC	EFFECTIVE DATE
GRAP 20 (Original – Jun 2011)	**Related Party Disclosure** The objective of this Standard is to ensure that a Municipality's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties. The Municipality resolved to adopt some of the disclosure requirements as per GRAP 20. The information is therefore included in the financial statements.	1 April 2019
GRAP 32 (Original – Aug 2013)	**Service Concession Arrangements: Grantor** The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public entity. No significant impact expected as any such transactions or events are expected in the foreseeable future.	1 April 2019
GRAP 34 (Revised – April 2019)	**Separate Financial Statements** The objective of this Standards is to prescribe the accounting and disclosure requirements in controlled entities, joint ventures and associates when an entity prepares separate financial statements. No significant impact expected as no such transactions or	Unknown

	events are expected in the foreseeable future.	
GRAP 35 (Revised – April 2019)	**Consolidated Financial Statements** The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. No significant impact expected as no such transactions or events are expected in the foreseeable future.	Unknown
GRAP 36 (Revised – April 2019)	**Investments in Associates and Joint Ventures** The objective of this Standard is to prescribe the accounting for investments in associates and joint ventures and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. No significant impact expected as no such transactions or events are expected in the foreseeable future.	Unknown
GRAP 37 (Revised – April 2019)	**Joint Arrangements** The objective of this Standard is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements) No significant impact expected as no such transactions or events are expected in the foreseeable future.	Unknown
GRAP 38 (Revised - April 2019)	**Disclosure of Interest in Other Entities** The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate: a) the nature of, and risks associated with, its interest in controlled entities unconsolidated controlled entities, joint arrangements and associates, and structure entities that are not consolidated; and b) the effects of those interests on its financial position, financial performance and cash flows. No significant impact expected as no such transactions or events are expected in the foreseeable future.	Unknown
GRAP 104 (Revised – April 2019)	**Financial Instruments** The objective of this Standard is to establish principles for recognising, measuring, presenting and disclosing financial instruments. The Municipality might need to revise the categories of financial instruments and the impairment model.	Unknown

GRAP 108 (Original – Sept 2013)	**Statutory Receivables** The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables. The Municipality has revolved to adopt the principles as set out in GRAP 108 to formulate its own accounting policy.	1 April 2019
GRAP 109	**Accounting by Principles and Agents** The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement. No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	1 April 2019
GRAP 110	**Living and non-living resources** The objective of this Standard is prescribing the recognition, measurement, presentation and disclosure requirements for living resources; and disclosure requirements for non-living resources. No significant impact expected as any such transactions or events are expected in the foreseeable future.	1 April 2020
IGRAP 17	**Service Concession Arrangements where a grantor controls a significant residual interest in an Asset** The Interpretation of the Standards is to provide guidance to the grantor where it has entered into a service concession arrangement, but only controls, through a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease. No such transactions or events are expected in the foreseeable future.	1 April 2019
IGRAP 18	**Recognition and Derecognition of Land** The Interpretation provide guidance on when an entity should recognise and derecognise land as an asset in its financial statements. The municipality needs to assess whether there are any changes to binding agreements that may impact its assessment of control.	1 April 2019
IGRAP 19	**Liabilities to Pay Levies** The Interpretation provides guidance on the accounting for levies in the financial statements of the entity that is paying the levy. It clarifies when entities need to recognise a liability to pay a levy that is accounted for in accordance with GRAP 19.	1 April 2019

	No such transactions or events are expected in the foreseeable future.	

These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

1.9. HOUSING DEVELOPMENT FUND

The Housing Development Fund was established in terms of the Housing Act, (Act No 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the Municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund.

Housing selling schemes both complete and in progress as at 1 April 1998 were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

1.10. RESERVES

1.10.1. Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, funds are transferred from the accumulated surplus / (deficit) to the CRR. The cash funds in the CRR can only be utilized for the purpose of purchasing/ construction of items of property, plant and equipment and may not be used for the maintenance of these items. The CRR is reduced and the accumulated surplus / (Deficit) are credited by a corresponding amount when the amounts in the CRR are utilized.

1.10.2. Revaluation Reserve

The accounting for the Revaluation Reserve must be performed in accordance with the requirements of GRAP 17.

All increases in the carrying value of assets as a result of a revaluation are credited against the reserve, except to the extent that the increase reverses a revaluation decrease of the same asset previously recognised in the Statement of Financial Performance.

All decreases in the carrying value of assets as a result of a revaluation are debited against the reserve to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation reserve is realized as revaluated assets are depreciated, through a transfer from the Revaluation Reserve to the accumulated surplus /

(deficit). On disposal, the net revaluation surplus is transferred to the accumulated surplus / (deficit) while gains or losses on disposal, based on revaluated amounts, are charged to the Statement of Financial Performance.

1.11. LEASES

1.11.1. Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment, investment property or intangibles assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

1.11.2. Municipality as Lessor

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset. The Municipality shall recognise the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leases asset is diminished.

1.12. BORROWING COST

The Municipality recognises all borrowing costs as an expense in the period in which they are incurred.

1.13. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the liability. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.14. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unpaid conditional grants are assets in terms of the Framework that are separately disclosed in the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from public.

The following provisions are set for the creation and utilisation of grant receivables:

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

1.15. UNSPENT PUBLIC CONTRIBUTIONS

Public contributions are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent public contributions are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent public contributions are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the municipality until it is utilised.
- Interest earned on the investment is treated in accordance with the public contribution conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.16. PROVISIONS

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where an inflow of economic benefits or service potential is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

(a) The municipality has a detailed formal plan for the restructuring identifying at least:

- the business or part of a business concerned;
- the principal locations affected;
- the location, function and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented.

(b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is derecognised.

1.17. EMPLOYEE BENEFITS

(a) Post-Retirement Medical Obligations

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% are paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The interest cost of the defined benefit obligation is recognised as finance cost in the Statement of Financial Performance, as it meets the definition of Interest Cost in GRAP 25. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of

Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(b) Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as finance cost upon valuation, as it meets the definition of Interest Cost in GRAP 25. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(c) Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee.

Accumulated leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

(d) Staff Bonuses

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year end for each employee.

(e) Other Short-term Employee Benefits

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and

- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

1.18. PROPERTY, PLANT AND EQUIPMENT

1.18.1. Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the entity, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measure at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

Where an asset is acquired through a non-exchange transaction, any transaction cost incurred are recognised as part of the cost of the asset.

1.18.2. Subsequent Measurement – Revaluation Model (Land and Buildings)

Subsequent to initial recognition, Land and Buildings are carried at a re-valued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and any accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the Statement of Financial Performance.

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in the Statement of Financial Performance, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

1.18.3. Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

1.18.4. Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated useful lives:

Land and Buildings	*Years*
Land	Indefinite
Buildings	10-50
Infrastructure	
Roads and Streets	3-50
Electricity Mains	12-50
Water Mains and Purification	4-60
Sewerage Mains & Purification	15-60
Security measures	14-20
Community	
Recreation Grounds	7-30
Fire, Safety and Emergency	4-10
Libraries	30

Clinics and Hospitals	10-50

Finance lease assets

Office equipment	3

Other

Motor Vehicles	2-15
Office equipment	2-10
Furniture and fittings	2-32
Bins and containers	7
Plant and Equipment	1-30
Landfill sites	1-20
Emergency equipment	2-4
Computer equipment	2-7

Changes to the useful life of assets are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differ from the previous estimates, the change is accounted for in accordance with GRAP 3 either prospectively as a change in the accounting policy or retrospectively as a prior period error depending on the specific circumstances.

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

1.18.5. De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.18.6. Land and Buildings and Other Assets – application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings, the fair value

as determined by a valuator was used in order to determine the deemed cost as on 1 July 2008. For Other Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2008.

1.19. INTANGIBLE ASSETS

1.19.1. Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project;
- it is probable that the municipality will receive future economic benefits or service potential; and
- the Municipality can measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

1.19.2. Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.19.3. Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

Intangible Assets	Years
Computer Software	3-12

Changes to the useful life of assets are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differ from the previous estimates, the change is accounted for in accordance with GRAP 3 either prospectively as a change in the accounting policy or retrospectively as a prior period error depending on the specific circumstances.

1.19.4. De-recognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.19.5. Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2008.

1.20. INVESTMENT PROPERTY

1.20.1. Initial Recognition

Investment property shall be recognised as an asset when and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use is also classified as investment property.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

Where an asset is acquired through a non-exchange transaction, any transaction cost incurred are recognised as part of the cost of the asset.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

1.20.2. Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

1.20.3. Depreciation and Impairment – Cost Model

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Investment Property	**Years**
Buildings	10-50

Changes to the useful life of assets are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differ from the previous estimates, the change is accounted for in accordance with GRAP 3 either prospectively as a change in the accounting policy or retrospectively as a prior period error depending on the specific circumstances.

1.20.4. De-recognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.20.5. Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2008.

1.21. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.21.1. Cash generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the municipality estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use;
- Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated;
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

(b) Internal sources of information

- Evidence is available of obsolescence or physical damage of an asset;
- Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite;
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.21.2. Non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- Cessation, or near cessation, of the demand or need for services provided by the asset;
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.

(b) Internal sources of information

- Evidence is available of physical damage of an asset;
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date;
- A decision to halt the construction of the asset before it is complete or in a usable condition;
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss recorded in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches:

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated

replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount in accordance with another Standard of GRAP. Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that Standard of GRAP.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

1.22. NON-CURRENT INVESTMENTS

Financial instruments, which include, investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

1.23. INVENTORIES

1.23.1. Initial Recognition

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

1.23.2. Subsequent Measurement

Inventories, consisting of consumable stores, materials and supplies and water are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current

replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the weighted average method.

Water inventory is measured annually at the reporting date by way of dip readings.

1.24. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions). The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

1.24.1. Initial Recognition

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

1.24.2. Subsequent Measurement

Financial Assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial Liabilities are categorised as either at fair value, financial liabilities at cost or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.24.2.1. *Receivables*

Receivables are classified as financial assets at amortised cost and are subsequently measured amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Municipality determines that

no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

1.24.2.2. *Payables and Annuity Loans*

Financial liabilities consist of trade and other payables and annuity loans. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.24.2.3. *Cash and Cash Equivalents*

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of

bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

1.24.2.4. *Non-Current Investments*

Investments which include fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

1.24.3. De-recognition

1.24.3.1. *Financial Assets*

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the

case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.24.3.2. *Financial Liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1.24.4. Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.25. STATUTORY RECEIVABLES

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

1.25.1. Initial Recognition

Statutory receivables are recognised when the related revenue is recognised or when the receivable meets the definition of an asset.

1.25.2. Subsequent Measurement

The Municipality initially measures the statutory receivables at their transaction amount. The Municipality measure statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to reflect any:

(a) interest or other charges that may have accrued on the receivable;
(b) impairment losses; and
(c) amounts derecognised.

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired. If there is an indication that a statutory receivable may be impaired, the Municipality measures the

impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk-free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

1.25.3. Derecognition

The Municipality derecognises a statutory receivable when:

(a) the rights to the cash flows from the receivable are settled, expire or are waived;
(b) the Municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
(c) the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Municipality:

    i. derecognise the receivable; and
    ii. recognise separately any rights and obligations created or retained in the transfer.

1.26. REVENUE

1.26.1. Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition the full amount of revenue is recognised. If the Municipality does not enforce its obligation to collect the revenue, this would be considered as a subsequent event. Collection charges are recognised when such amounts are legally enforceable. Rebates and discounts are offset against the related revenue, in terms of IGRAP 1, as there is no intention of collecting this revenue.

Fine Revenue constitutes both spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued. In cases where fines and summonses are issued by another government institute, revenue will only be recognised by the Municipality when the receivable meets the definition of an asset.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

All unclaimed deposits are initially recognised as a liability until 12 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue as historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. This assessment is performed annually at 30 June. Therefore, the substance of these transactions indicates that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognised all unclaimed monies older than twelve months as revenue. Although unclaimed deposits are recognised as revenue after 12 months, the Municipality still keep record of these unclaimed deposits for three years in the event that a party should submit a claim after 12 months.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the

Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue shall be measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

Services in-kind that are significant to the Municipality's operations are recognised as assets and the related revenue when:

- it is probable that the future economic benefits or service potential will flow to the Municipality; and
- the fair value of the assets can be measured reliably.

If the services in-kind are not significant to the Municipality's operations or does not satisfy the above-mentioned criteria, the Municipality only disclose the nature and type of services in-kind received during the reporting period. When the criteria for recognition is satisfied, services in-kind are measured on initial recognition at their fair value as at the date of acquisition. Services in-kind include services provided by individuals to the Municipality and the right to use assets in a non-exchange transaction. These services meet the definition of an asset, because the Municipality controls the resource from which future economic benefits or service potential is expected to flow to the Municipality. The assets are immediately consumed and a transaction of equal value is also recognised to reflect the consumption of these services in-kind, resulting in a decrease of the asset and an increase in an expense. The Municipality therefore recognises an expense and related revenue for the consumption of services in-kind.

1.26.2. Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;

- The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality;
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

At the time of initial recognition, the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 10 days after date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is disclosed as under Payables from Exchange Transactions in the Statement of Financial Position.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage and are levied monthly based on the recorded number of refuse points per property.

Service charges relating to sanitation (sewerage) are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage. In the case of residential property, a fixed monthly tariff is levied and in the case of commercial property a tariff is levied based on the number of sewerage connection on the property. Service charges based on a basic charge as per Council resolution.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Revenue is measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.27. TRANSFER OF FUNCTIONS (Municipality as acquirer)

A function is an integrated set of activities that is capable of being conducted and managed for purposes of achieving a Municipality's objectives, either by providing economic benefits or service potential.

A transfer of functions is the reorganisation and/or the re-allocation of functions between Municipalities by transferring functions between Municipalities or into another entity.

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or

- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality accounts for each transfer of functions between entities not under common control by applying the acquisition method. Applying the acquisition method requires:

(a) identifying the acquirer (Municipality);
(b) determining the acquisition date;
(c) recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; and
(d) recognising the difference between (c) and the consideration transferred to the seller.

As of the acquisition date, the Municipality recognises the identifiable assets acquired and the liabilities assumed. The identifiable assets acquired and liabilities assumed meets the definitions of assets and liabilities in the *Framework for the Preparation and Presentation of Financial Statements* and the recognition criteria in the applicable Standards of GRAP at the acquisition date. In addition, the identifiable assets acquired and liabilities assumed are part of what the Municipality and the acquiree (or its former owners) agreed in the binding arrangement.

The Municipality measures the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values.

The Municipality subsequently measures and account for assets acquired and liabilities assumed in accordance with other applicable Standards of GRAP.

1.28. RELATED PARTIES

The Municipality resolved to adopt the disclosure requirements as per GRAP 20 – "Related Party Disclosures".

A related party is a person or an entity:

- with the ability to control or jointly control the other party,
- or exercise significant influence over the other party, or vice versa,
- or an entity that is subject to common control, or joint control.

The following are regarded as related parties of the Municipality:

(a) A person or a close member of that person's family is related to the Municipality if that person:

- has control or joint control over the Municipality.
- has significant influence over the Municipalities. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
- is a member of the management of the Municipality or its controlling entity.

(b) An entity is related to the Municipality if any of the following conditions apply:

- the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
- one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
- both entities are joint ventures of the same third party.
- one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
- the entity is controlled or jointly controlled by a person identified in (a).
- a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

(a) are married or live together in a relationship similar to a marriage; or
(b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as "Key Management") includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

(a) all members of the governing body of the Municipality;

(b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
(c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
(d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

(a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee;
(b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer an all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

1.29. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.30. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in

contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.31. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.32. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent liability could also be a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measures with sufficient reliability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

Management judgement is required when recognising and measuring contingent liabilities.

1.33. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

Post-retirement medical obligations and Long service awards

The cost of post-retirement medical obligations and long service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 12 of the Annual Financial Statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Impairment of Receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

Property, Plant and Equipment

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of Property, Plant and Equipment:

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciated replacement cost method which was based on assumptions about the remaining duration of the assets.

The cost for depreciated replacement cost was determined by using either one of the following:

- Cost of items with a similar nature currently in the Municipality's asset register;
- Cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the Municipality and that the other municipality's asset register is considered to be accurate;
- Cost as supplied by suppliers.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of on independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

Intangible Assets

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

Investment Property

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- The Municipality also consulted with professional engineers and qualified valuators to support the useful life of buildings.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of on independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

Provision for Landfill Sites

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the best estimate to rehabilitate

the landfill site at year end. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset is charged to the Statement of Financial Performance.

Management referred to the following when making assumptions regarding provisions:

- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.
- Interest rates (investment rate) linked to prime was used to calculate the effect of time value of money.

Provision for Staff leave

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

Pre-paid electricity estimation

Pre-paid electricity is only recognised as income once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year end, which is still unused. The average pre-paid electricity sold per day during the year under review is used and the estimate is calculated using between 5 and 10 days' worth of unused electricity.

Componentisation of Infrastructure assets

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

Revenue Recognition

Accounting Policy on Revenue from Non-Exchange Transactions and Accounting Policy on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions. Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.34. TAXES – VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

1.35. CAPITAL COMMITMENTS

Capital commitments disclosed in the financial statements represents the balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.36. EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

2. PROPERTY, PLANT AND EQUIPMENT

2.1 30 JUNE 2019

	Cost/Revaluation						Accumulated Depreciation and Impairment Losses						Carrying Value
	Opening Balance	Correction of Error	Additions & WIP	Transfers	Disposals/ Impairment	Closing Balance	Opening Balance	Correction of Error	Depreciation	Transfers	Disposals/ Impairment	Closing Balance	
Infrastructure													
Roads and Storm Water	21 901 648	-	501 087	-	-	22 402 735	10 163 548	-	621 551	-	-	10 785 099	11 617 636
Electricity	9 750 540	-	1 483 459	-	-	11 234 000	5 299 297	-	130 703	-	-	5 430 000	5 803 999
Water Supply	36 272 201	-	6 642 290	-	(9 568)	42 904 922	11 184 399	-	653 035	-	(5 164)	11 832 269	31 072 653
Sanitation	7 791 331	-	2 407 553	-	-	10 198 884	5 359 561	-	72 776	-	-	5 432 338	4 766 546
Solid Waste	15 671 912	-	-	-	-	15 671 912	6 191 456	-	4 148 720	-	-	10 340 176	5 331 736
Other	1 120 831	-	-	-	-	1 120 831	704 122	-	34 236	-	-	738 358	382 472
	92 508 462	-	11 034 389	-	(9 568)	103 533 283	38 902 383	-	5 661 021	-	(5 164)	44 558 240	58 975 042
Community Assets													
Community Facilities													
Halls and Buildings	9 282 419	-	-	-	-	9 282 419	4 567 987	-	248 702	-	-	4 816 689	4 465 730
Fire/Ambulance Stations	28 734	-	-	-	-	28 734	13 515	-	6 764	-	-	20 279	8 455
Libraries	546 431	-	-	-	-	546 431	199 316	-	16 094	-	-	215 410	331 021
Sport and Recreation Facilities													
Outdoor Facilities	7 288 718	-	2 535 959	-	(2 400)	9 822 277	1 168 876	-	195 921	-	(2 132)	1 362 665	8 459 612
	17 146 302	-	2 535 959	-	(2 400)	19 679 861	5 949 694	-	467 481	-	(2 132)	6 415 043	13 264 818
Other Assets													
Other Land	41 218 690	-	-	-	-	41 218 690	-	-	-	-	-	-	41 218 690
Operational Buildings													
Municipal Offices	490 028	-	-	-	-	490 028	257 117	-	29 397	-	-	286 514	203 514
Workshops	4 620	-	-	-	-	4 620	3 234	-	143	-	-	3 377	1 243
Computer Equipment	777 044	-	63 069	-	-	840 113	344 174	-	182 867	-	(41 346)	485 695	354 418
Furniture and Office Equipment	1 166 045	-	7 677	-	(52 225)	1 121 496	517 015	-	158 606	-	(51 581)	624 040	497 456
Machinery and Equipment	1 083 188	-	5 363	-	(47 679)	1 040 872	358 111	-	140 786	-	(42 683)	456 214	584 658
Transport Assets	5 952 302	-	-	-	-	5 952 302	2 875 573	-	647 713	-	-	3 523 286	2 429 015
	50 691 916	-	76 109	-	(99 905)	50 668 121	4 355 225	-	1 159 513	-	(135 611)	5 379 127	45 288 994
Leases													
Furniture and Office Equipment	76 990	-	-	-	(76 990)	-	14 970	-	20 673	-	(35 644)	(0)	0
	76 990	-	-	-	(76 990)	-	14 970	-	20 673	-	(35 644)	(0)	0
Total	160 423 671	-	13 646 457	-	(188 863)	173 881 265	49 222 272	-	7 308 688	-	(178 551)	56 352 410	117 528 855

2.2 30 JUNE 2018

	Cost/Revaluation						Accumulated Depreciation and Impairment Losses						Carrying Value
	Opening Balance	Correction of Error	Additions & WIP	Transfers	Disposals/ Impairment	Closing Balance	Opening Balance	Correction of Error	Depreciation	Transfers	Disposals/ Impairment	Closing Balance	
Infrastructure													
Roads and Storm Water	21 901 648	-	-	-	-	21 901 648	9 291 078	(39 023)	911 493	-	-	10 163 548	11 738 100
Electricity	9 551 472	-	199 069	-	-	9 750 540	5 087 691	17 271	194 334	-	-	5 299 297	4 451 243
Water Supply	24 194 885	-	12 077 315	-	-	36 272 201	10 786 917	(59 836)	457 318	-	-	11 184 399	25 087 802
Sanitation	7 791 331	-	-	-	-	7 791 331	5 206 477	(10 767)	163 851	-	-	5 359 561	2 431 770
Solid Waste	8 838 365	-	6 833 547	-	-	15 671 912	6 709 427	(5 656 310)	5 138 339	-	-	6 191 456	9 480 456
Other	1 120 831	-	-	-	-	1 120 831	639 336	-	64 786	-	-	704 122	416 709
	73 398 531	-	19 109 931	-	-	92 508 462	37 720 926	(5 748 665)	6 930 123	-	-	38 902 383	53 606 079
Community Assets													
Community Facilities													
Halls and Buildings	9 598 191	(109 622)	-	(206 150)	-	9 282 419	4 383 757	(83 003)	388 700	(121 467)	-	4 567 987	4 714 432
Fire/Ambulance Stations	34 832	-	-	-	(6 098)	28 734	17 540	66	889	-	(4 980)	13 515	15 219
Libraries	330 894	-	-	215 537	-	546 431	33 090	29 036	11 030	126 160	-	199 316	347 116
Sport and Recreation Facilities													
Outdoor Facilities	4 340 902	-	2 959 123	(9 387)	(1 920)	7 288 718	1 485 599	(497 770)	186 563	(4 693)	(823)	1 168 876	6 119 842
	14 304 819	(109 622)	2 959 123	(0)	(8 018)	17 146 302	5 919 985	(551 671)	587 182	0	(5 803)	5 949 694	11 196 608
Other Assets													
Other Land	41 218 690	-	-	-	-	41 218 690	-	-	-	-	-	-	41 218 690
Operational Buildings													
Municipal Offices	268 104	-	-	221 924	-	490 028	267 917	(30 923)	75	20 048	-	257 117	232 911
Workshops	3 029	-	-	1 591	-	4 620	1 335	-	308	1 591	-	3 234	1 386
Computer Equipment	684 990	-	-	92 054	-	777 044	486 776	(70 431)	27 676	(136 201)	-	307 820	469 224
Furniture and Office Equipment	1 126 644	-	-	39 609	(209)	1 166 045	469 084	(112 652)	143 134	17 621	(171)	517 015	649 029
Machinery and Equipment	1 401 975	-	181 257	(496 185)	(3 859)	1 083 188	49 073	(19 310)	356 583	(24 499)	(3 736)	358 111	725 077
Transport Assets	5 728 909	-	378 185	141 007	(295 799)	5 952 302	2 450 842	(64 055)	661 386	121 439	(294 038)	2 875 573	3 076 729
	50 432 341	-	559 442	-	(299 867)	50 691 916	3 725 027	(297 371)	1 189 161	-	(297 946)	4 318 870	46 373 046
Leases													
Furniture and Office Equipment	76 990	-	-	-	-	76 990	25 663	-	25 663	-	-	51 327	25 663
	76 990	-	-	-	-	76 990	25 663	-	25 663	-	-	51 327	25 663
Total	138 212 681	(109 622)	22 628 496	(0)	(307 884)	160 423 671	47 391 602	(6 597 707)	8 732 128	0	(303 748)	49 222 274	111 201 396

		2019 R	2018 R
2.3	**Property, Plant and Equipment which is in the process of being constructed or developed:**		
	Infrastructure Assets	5 625 919	13 417 777
	Electricity	900 635	199 069
	Water Supply	2 317 732	13 218 709
	Sanitation	2 407 553	-
	Community Assets	87 613	3 206 681
	Total Property, Plant and Equipment under construction	5 713 532	16 624 458
	The movements for the year can be reconciled as follows:		
	Balance at beginning of year	16 624 458	1 414 864
	Expenditure during the year	13 515 921	15 209 594
	Assets unbundled during the year	(24 426 848)	-
	Impairment recognised during the year	-	-
	Balance at end of year	**5 713 532**	**16 624 458**
2.4	**Property, Plant and Equipment that is taking a significantly longer period of time to complete than expected:**		
	Community Assets	-	3 206 681
	Total	-	3 206 681
	The upgrading of Sport Grounds is taken significantly longer due to difficulties experience by the contractor.		
2.5	**There are no Property, Plant and Equipment where construction or development has been halted.**		
	Community Assets	87 613	-
	Total	87 613	-
	The municipality requires land from to Witbank Community Trust to continue with the project.		
2.6	**Expenditure incurred to repair and maintain Property, Plant and Equipment:**		
	Employee related costs	-	-
	Other materials	1 449 185	790 335
	Contracted Services	1 063 538	1 152 090
	Other Expenditure	-	-
	Total Repairs and Maintenance	**2 512 723**	**1 942 425**
2.7	**Assets pledged as security:**		
	Leased Property, Plant and Equipment of R0 (2018: R25 663) is secured for leases as set out in Note 10.		
2.8	**Details of Valuation**		
	Land and Buildings were revalued on 1 July 2013 by an independent valuer, DDP Valuations. Fair values were determined by reference to observable prices in the active market or recent market transactions on arm's length transactions. Land and Buildings are revalued every 5 years.		
	Reconciliation of Revaluation Surplus:		
	Opening balance	28 174 539	28 362 081
	Revaluation	-	-
	Offset Depreciation	(187 542)	(187 542)
	Closing balance	27 986 997	28 174 539
2.9	**Contractual commitments for acquisition of Property, Plant and Equipment:**		
	Approved and contracted for:	4 019 626	6 815 014
	Infrastructure	3 556 368	3 465 318
	Community	463 258	3 349 696
	Total	**4 019 626**	**6 815 014**
	This expenditure will be financed from:		
	Government Grants	4 019 626	6 815 014
	Total	**4 019 626**	**6 815 014**

		2019 R	2018 R
3.	**INVESTMENT PROPERTY**		
3.1	**Net Carrying amount at 1 July**	**5 519 218**	**6 023 814**
	Cost	5 696 168	5 994 609
	Correction of Error - Note 41.2	-	109 622
	Accumulated Depreciation	(176 951)	(29 991)
	Correction of Error - Note 41.2	-	(50 426)
	Transfer from/(to) Inventory - Note 6	(1 261 296)	-
	Cost	(1 261 296)	-
	Accumulated Depreciation	-	-
	Disposals	(65 250)	(1 600)
	Depreciation for the year	(6 096)	(502 996)
	Net Carrying amount at 30 June	**4 186 576**	**5 519 218**
	Cost	4 369 622	5 696 168
	Accumulated Depreciation	(183 046)	(176 951)
	Accumulated Impairment Loss	-	-
3.2	**Revenue from Investment Property**		
	Revenue derived from the rental of Investment Property	6 000	57 531
3.3	**Operating Expenditure incurred on properties:**		
	Repairs and Maintenance		
	Non-revenue Generating	-	50 273
	Improved Property	-	50 273
	Unimproved Property	-	-
	Total Repairs and Maintenance	**-**	**50 273**

The Municipality has no Investment Property which is in the process of being constructed or developed.

The Municipality has no Investment Property that is taking a significantly longer period of time to complete than expected.

The Municipality has no Investment Property where construction or development has been halted.

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligation to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

4.	**INTANGIBLE ASSETS**		
4.1	**Net Carrying amount at 1 July**	**286 542**	**324 680**
	Cost	553 716	527 458
	Accumulated Amortisation	(267 173)	(186 111)
	Correction of Error - Note 41.3	-	(16 667)
	Additions	22 767	26 258
	Amortisation	(113 762)	(64 396)
	Net Carrying amount at 30 June	**195 548**	**286 542**
	Cost	576 483	553 716
	Accumulated Amortisation	(380 935)	(267 173)
	Accumulated Impairment Loss	-	-

The Municipality has no Intangible Assets which is in the process of being constructed or developed.

The Municipality has no Intangible Assets that is taking a significantly longer period of time to complete than expected.

The Municipality has no Intangible Assets where consruction or development has been halted.

No intangible asset were assed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There age no intangible assets pledged as security for liabilities.

There are no contractual commitments for the acquisition of intangible assets.

		2019 R	2018 R
5.	**OPERATING LEASE ARRANGEMENTS**		
5.1	**The Municipality as Lessor**		
	Operating Lease Liability	103 203	105 804
	Disclosed as follows:		
	Non-Current Operating Lease Liability	-	-
	Current Operating Lease Liability	103 203	105 804
		103 203	**105 804**
	Reconciliation		
	Balance at the beginning of the year	105 804	95 355
	Movement during the year	(2 601)	10 449
	Balance at the end of the year	**103 203**	**105 804**
	At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:		
	Up to 1 Year	44 495	199 978
	1 to 5 Years	50 360	91 420
	More than 5 Years	291 622	50 708
	Total Operating Lease Arrangements	**386 476**	**342 106**
	This operating lease income determined from contracts that have a specific condition income and does not include leases which has a undetermined conditional income.		
6.	**INVENTORY**		
	Consumables	745 903	1 144 291
	Housing Stock	1 412 346	159 050
	Water	44 376	36 190
	Total Inventory	**2 202 625**	**1 339 531**
	The municipality recognised only purification costs in respect of non-purchased purified water inventory.		
6.1	**Inventories recognise as an expense during the year:**		
	Consumables	104 431	134 446
	Housing Stock	-	20 200
	Materials and Supplies	1 440 999	1 654 319
	Water	8 186	3 118
	Total	**1 553 616**	**1 812 084**
6.2	**Inventories written down due to losses as identified during the annual stores counts:**		
	Materials and Supplies	-	42 859
	Water	-	-
	Total	**-**	**42 859**
	No inventories were pledged as security for liabilities.		
7.	**RECEIVABLES FROM EXCHANGE TRANSACTIONS**		
	Electricity	1 763 056	1 583 099
	Water	39 579 787	32 651 954
	Property Rentals	211 358	153 662
	Waste Management	4 410 023	3 350 185
	Waste Water Management	4 679 685	3 574 360
	Other Arrears	203 628	997 273
	Total: Receivables from exchange transactions (before provision)	**50 847 537**	**42 310 533**
	Less: Provision for Debt Impairment	(48 508 569)	(39 739 987)
	Total: Receivables from exchange transactions (after provision)	**2 338 968**	**2 570 546**

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of consumer debtors are not performed in terms of GRAP 104 on initial recognition.

	2019 R	2018 R
(Electricity): Ageing		
Current (0 - 30 days)	613 970	410 848
31 - 60 Days	149 072	98 657
61 - 90 Days	53 173	59 676
+ 90 Days	946 842	1 013 918
Total	**1 763 056**	**1 583 099**
(Water): Ageing		
Current (0 - 30 days)	1 522 896	781 593
31 - 60 Days	885 134	638 763
61 - 90 Days	671 572	674 798
+ 90 Days	36 500 186	30 556 800
Total	**39 579 787**	**32 651 954**
(Property Rentals): Ageing		
Current (0 - 30 days)	76 612	53 195
31 - 60 Days	1 150	4 576
61 - 90 Days	1 150	3 076
+ 90 Days	132 445	92 815
Total	**211 358**	**153 662**
(Waste Management): Ageing		
Current (0 - 30 days)	268 224	122 662
31 - 60 Days	118 042	96 453
61 - 90 Days	109 894	91 422
+ 90 Days	3 913 863	3 039 648
Total	**4 410 023**	**3 350 185**
(Waste Water Management): Ageing		
Current (0 - 30 days)	292 861	138 870
31 - 60 Days	124 014	104 536
61 - 90 Days	113 053	94 682
+ 90 Days	4 149 758	3 236 272
Total	**4 679 685**	**3 574 360**
(Other): Ageing		
Current (0 - 30 days)	-	-
31 - 60 Days	-	-
61 - 90 Days	-	-
+ 90 Days	203 628	997 273
Total	**203 628**	**997 273**
(Total): Ageing		
Current (0 - 30 days)	2 774 562	1 507 168
31 - 60 Days	1 277 412	942 984
61 - 90 Days	948 842	923 654
+ 90 Days	45 846 721	38 936 726
Total	**50 847 537**	**42 310 533**

Summary of Debtors by Customer Classification

	Residential	Industrial/ Commercial	National and Provincial Government	Total
30 June 2019				
Current (0 - 30 days)	2 088 939	629 940	55 685	2 774 565
31 - 60 Days	1 146 267	108 971	22 175	1 277 412
61 - 90 Days	874 268	47 500	27 074	948 842
+ 90 Days	44 852 013	792 695	202 010	45 846 718
Sub-total	48 961 487	1 579 107	306 944	50 847 537
Less: Provision for Debt Impairment				(48 508 569)
Total debtors by customer classification				**2 338 968**

Summary of Debtors by Customer Classification

	Residential	Industrial/ Commercial	National and Provincial Government	Total
30 June 2018				
Current (0 - 30 days)	944 525	526 446	36 197	1 507 167
31 - 60 Days	851 980	79 371	11 633	942 985
61 - 90 Days	866 424	50 668	6 563	923 654
+ 90 Days	37 932 732	895 287	108 709	38 936 727
Sub-total	40 595 660	1 551 771	163 102	42 310 533
Less: Provision for Debt Impairment				(39 739 987)
Total debtors by customer classification				**2 570 546**

	2019 R	2018 R
Reconciliation of Provision for Debt Impairment		
Balance at beginning of year	39 739 987	31 366 836
Contribution to provision	7 624 854	7 200 595
VAT on provision	1 143 728	1 080 089
Correction of Error - Note 41.4	-	92 466
Balance at end of year	**48 508 569**	**39 739 987**
The total amount of this provision is R48 508 569 and consist of:		
Services	48 508 569	39 739 987
Other Debtors	-	-
Total Provision for Debt Impairment on Receivables from exchange transactions	**48 508 569**	**39 739 987**
Ageing of amounts past due but not impaired:		
1 month past due	1 276 262	938 408
2+ months past due	1 062 706	1 632 138
	2 338 968	**2 570 546**

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

8. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS	2019 R	2018 R
Taxes - Rates	4 192 156	4 035 332
Other Receivables	970 885	182 149
	5 163 041	4 217 481
Less: Provision for Debt Impairment	(4 078 982)	(3 854 080)
Total Receivables from non-exchange transactions	**1 084 060**	**363 401**

The fair value of other receivables approximate their carrying value.

Rates debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of rates debtors are not performed in terms of GRAP 104 on initial recognition.

(Rates): Ageing

Current (0 - 30 days)	242 951	105 681
31 - 60 Days	94 211	734 115
61 - 90 Days	75 094	53 973
+ 90 Days	3 779 900	3 141 562
Total	**4 192 156**	**4 035 332**

Summary of Debtors (Rates) by Customer Classification

30 June 2019	Residential	Industrial/ Commercial	National and Provincial Government	Total
Current (0 - 30 days)	184 758	56 445	1 748	242 951
31 - 60 Days	71 756	21 776	680	94 211
61 - 90 Days	54 056	20 358	680	75 094
+ 90 Days	3 520 492	163 664	95 743	3 779 900
Sub-total	3 831 061.65	262 243	98 851	4 192 156
Less: Provision for Debt Impairment				(4 078 982)
Total debtors by customer classification				**113 175**

Summary of Debtors (Rates) by Customer Classification

30 June 2018	Residential	Industrial/ Commercial	National and Provincial Government	Total
Current (0 - 30 days)	88 989	16 116	575	105 681
31 - 60 Days	473 725	259 707	683	734 115
61 - 90 Days	47 072	6 218	683	53 973
+ 90 Days	2 976 692	124 000	40 870	3 141 562
Sub-total	3 586 478	406 041	42 812	4 035 332
Less: Provision for Debt Impairment				(3 854 080)
Total debtors by customer classification				**181 251**

Reconciliation of Provision for Debt Impairment

Balance at beginning of year	3 854 080	2 098 038
Contribution to provision	224 901	1 747 075
Correction of Error - Note 41.5	-	8 968
Balance at end of year	**4 078 982**	**3 854 080**

The total amount of this provision is R4 078 982 and consist of:

Taxes	4 078 982	3 854 080
Total Provision for Debt Impairment on Trade Receivables from non-exchange transactions	**4 078 982**	**3 854 080**

	2019 R	2018 R
Ageing of amounts past due but not impaired:		
1 month past due	94 211	734 115
2+ months past due	18 964	(552 864)
	113 175	**181 251**

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

9. BANK ACCOUNTS

9.1 Cash and Cash Equivalents

Current Accounts	258 287	84 600
Call Deposits and Investments	935 603	848 510
Cash On-hand	100	100
Total Cash and Cash Equivalents - Assets	**1 193 990**	**933 210**

The municipality has the following bank accounts:

Current Accounts

Standard Bank Limited – Account Number 04 185 0173 (Primary Bank Account)	258 287	84 600
	258 287	**84 600**

Call Deposits and Investments

Standard Bank Limited - (Water Supply Pofadder (007)):	-	-
Standard Bank Limited - (Housing fund (007)):	-	-
Standard Bank Limited - (LGSETA (007)):	-	-
Standard Bank Limited - (FMG):	-	-
Standard Bank Limited - (Build of 184 Houses (017)):	173	173
Standard Bank Limited - (Municipal Infrastructure Grant (015)):	(0)	807 052
Standard Bank - (INEP):	650 000	-
Standard Bank Limited - (Municipal Systems Improvement Grant):	-	-
Standard Bank Limited - (Water Service Infrastructure):	285 430	41 285
Standard Bank Limited - (EPWP - Brick Making Project):	-	-
	935 603	**848 510**

Details of current accounts are as follow:

Standard Bank Limited – Account Number 04 185 0173 (Primary Bank Account)		
Cash book balance at beginning of year	84 600	195 413
Cash book balance at end of year	258 287	84 600
Bank statement balance at beginning of year	-	195 413
Bank statement balance at end of year	-	-

Details of call investment accounts are as follow:

Standard Bank Limited - (Water Supply Pofadder (007)):		
Cash book balance at beginning of year	-	6 750
Cash book balance at end of year	-	-
Bank statement balance at beginning of year	-	6 750
Bank statement balance at end of year	-	-
Standard Bank Limited - (Housing fund (007)):		
Cash book balance at beginning of year	-	15 309
Cash book balance at end of year	-	-
Bank statement balance at beginning of year	-	15 309
Bank statement balance at end of year	-	-

Location	Estimated decommission date	2019 R	2018 R
Pofadder	2028	22 364 953	11 062 902
Pella	2019	6 462 412	8 152 148
Witbank	2019	2 071 911	2 994 202
Melkbosrand	2019	2 292 075	4 123 619
Sending/ Viljoensdraai	2019	2 122 229	1 832 990
		35 313 581	**28 165 862**

12. NON-CURRENT EMPLOYEE BENEFITS

Provision for Post Retirement Health Care Benefits	5 403 826	5 970 200
Provision for Long Service Awards	921 648	697 716
Total Non-current Employee Benefits	**6 325 474**	**6 667 916**

Post Retirement Health Care Benefits

Balance 1 July	6 165 798	5 694 798
Contribution for the year	979 701	937 203
Expenditure for the year	(196 745)	(182 276)
Actuarial Loss/(Gain)	(1 333 012)	(283 927)
Total provision 30 June	**5 615 742**	**6 165 798**
Less: Transfer of Current Portion to Current Provisions - Note 14	(211 916)	(195 598)
Balance 30 June	**5 403 826**	**5 970 200**

Long Service Awards

Balance 1 July	706 420	618 464
Contribution for the year	166 161	141 974
Expenditure for the year	-	(73 553)
Actuarial Loss/(Gain)	168 759	19 535
Total provision 30 June	**1 041 340**	**706 420**
Less: Transfer of Current Portion to Current Provisions - Note 14	(119 692)	(8 704)
Balance 30 June	**921 648**	**697 716**

12.1 Provision for Post Retirement Health Care Benefits

The Post Retirement Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service (employee) members	16	19
In-service (employee) non-members	57	52
Continuation members (e.g. Retirees, widows, orphans)	5	5
Total Members	**78**	**76**

	2019 R	2018 R
The liability in respect of past service has been estimated to be as follows:		
In-service members	2 536 875	3 107 234
In-service non-members	731 536	927 825
Continuation members	2 339 855	2 130 739
Total Liability	**5 608 266**	**6 165 798**

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2017 R	2016 R	2015 R
In-service members	2 758 191	3 013 217	3 047 282
In-service non-members	770 906	-	-
Continuation members	2 165 701	2 164 404	1 481 523
Total Liability	5 694 798	5 177 621	4 528 805

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

LA Health
Key Health

The Current-service Cost for the ensuing year is estimated to be R292 150, whereas the Interest Cost for the next year is estimated to be R517 441.

Key actuarial assumptions used:	2019 %	2018 %
i) Rate of interest		
Discount rate	9.40%	9.63%
Health Care Cost Inflation Rate	6.86%	7.43%
Net Effective Discount Rate	2.38%	2.05%

ii) Mortality rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

iii) Normal retirement age

The average retirement age of staff is 62 years.

iv) Expected rate of salary increases

2019/2020 - CPI + 1,5%
2020/2021 - CPI + 1,25%

The three-year Salary and Wage Collective Agreement ends on 30 June 2018.

	2019 R	2018 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	5 615 742	6 165 798
Fair value of plan assets	-	-
	5 615 742	6 165 798
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present Value of unfunded obligations	-	-
Net liability/(asset)	**5 615 742**	**6 165 798**
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	6 165 798	5 694 798
Total expenses	782 956	754 927
Current service cost	395 136	391 040
Interest Cost	584 565	546 163
Benefits Paid	(196 745)	(182 276)
Actuarial (gains)/losses	(1 333 012)	(283 927)
Present value of fund obligation at the end of the year	5 615 742	6 165 798
Reconciliation of fair value of plan assets:		
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contributions: Employer	-	-
Contributions: Employee	-	-
Past Service Costs	-	-
Actuarial (gains)/losses	-	-
Benefits Paid	-	-
Fair value of plan assets at the end of the year	-	-

Sensitivity Analysis on the Accrued Liability on 30 June 2019

	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)
Assumption			
Central Assumptions	3.268	2.340	5.608

The effect of movements in the assumptions are as follows:

	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Assumption					
Health care inflation rate	1%	3.898	2.567	6.465	15%
Health care inflation rate	-1%	2.764	2.143	4.907	-12%
Discount rate	1%	2.779	2.149	4.928	-12%
Discount rate	-1%	3.888	2.564	6.452	15%
Post-employment mortality	-1 year	3.364	2.432	5.796	3%
Average retirement age	-1 year	3.607	2.340	5.947	6%
Continuation of membership at retirement	-10%	2.461	2.340	4.801	-14%

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2020

	Current Service Cost (R)	Interest Cost (R)	Total (R)
Assumption			
Central Assumptions	292 200	517 400	809 600

The effect of movements in the assumptions are as follows:

	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
Assumption					
Health care inflation rate	1%	354 900	598 000	952 900	18%
Health care inflation rate	-1%	242 900	451 600	694 500	-14%
Discount rate	1%	246 500	501 800	748 300	-8%
Discount rate	-1%	350 600	533 200	883 800	9%
Post-employment mortality	-1 year	300 800	535 100	835 900	3%
Average retirement age	-1 year	286 000	549 300	835 300	3%
Continuation of membership at retirement	-10%	180 200	441 500	621 700	-23%

	2019 Rm	2018 Rm
Experience adjustments were calculated as follows:		
Liabilities: (Gain) / loss	0.091	(0.284)
Assets: Gain / (loss)	-	-

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2017 Rm	2016 Rm	2015 Rm
Liabilities: (Gain) / loss	0.683	0.166	(0.616)
Assets: Gain / (loss)	-	-	-

	2019 R	2018 R
12.2 Provision for Long Service Bonuses		

The Long Service Bonus plans are defined benefit plans. As at year end, 73 employees were eligible for Long Service Bonuses.

The Current-service Cost for the ensuing year is estimated to be R133 899 whereas the Interest Cost for the next year is estimated to be R79 595.

	2019 %	2018 %
Key actuarial assumptions used:		
i) Rate of interest		
Discount rate	8.10%	8.63%
General Salary Inflation (long-term)	5.52%	6.23%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	2.45%	2.26%
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	1 041 340	706 420
Fair value of plan assets	-	-
	1 041 340	706 420
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present value of unfunded obligations	-	-
Net liability/(asset)	**1 041 340**	**706 420**

	2019 R	2018 R
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	706 420	618 464
Total expenses	166 161	68 421
Current service cost	105 565	94 058
Vested past service cost	-	-
Interest Cost	60 596	47 916
Benefits Paid	-	(73 553)
Actuarial (gains)/losses	168 759	19 535
Present value of fund obligation at the end of the year	**1 041 340**	**706 420**
Reconciliation of fair value of plan assets:		
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contribution: Employer	-	-
Contribution: Employee	-	-
Past service costs	-	-
Actuarial (gains)/losses	-	-
Benefits paid	-	-
Fair value of plan assets at the end of the year	-	-

Sensitivity Analysis on the Accrued Liability on 30 June 2019

	Change	Liability (Rm)	% change
Assumption			
Central assumptions		1.041	
General earnings inflation rate	1%	1.107	6%
General earnings inflation rate	-1%	0.982	-6%
Discount rate	1%	0.980	-6%
Discount rate	-1%	1.111	7%
Average retirement age	-2 yrs	0.899	-14%
Average retirement age	2 yrs	1.125	8%
Withdrawal rates	-50%	1.201	15%

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2020

	Current Service Cost (R)	Interest Cost (R)	Total (R)
Assumption			
Central Assumptions	133 900	79 600	213 500

The effect of movements in the assumptions are as follows:

	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
Assumption					
General earnings inflation rate	1%	144 700	84 900	229 600	8%
General earnings inflation rate	-1%	124 200	74 800	199 000	-7%
Discount rate	1%	125 000	83 800	208 800	-2%
Discount rate	-1%	143 900	74 700	218 600	2%
Average retirement age	-2 year	118 600	68 100	186 700	-13%
Average retirement age	2 year	147 000	86 300	233 300	9%
Withdrawal Rate	-50%	162 100	92 600	254 700	19%

	2019 Rm	2018 Rm
Experience adjustments were calculated as follows:		
Liabilities: (Gain) / loss	0.034	0.020
Assets: Gain / (loss)	-	-

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2017 Rm	2016 Rm	2015 Rm
Liabilities: (Gain) / loss	0.006	(0.015)	(0.025)
Assets: Gain / (loss)	-	-	-

The municipality performed their first actuarial valuation on 30 June 2015. Thus there are no experience adjustment figures available on or before 30 June 2015 to fully comply with GRAP 25.

12.3 Retirement funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

LA RETIREMENT FUND (PREVIOUSLY CAPE JOINT PENSION FUND)

The contribution rate payable is 9%, by the members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2018 revealed that the fund has a funding level of 103,7% (30 June 2016 - 102,6%).

	2019 R	2018 R
Contributions paid recognised in the Statement of Financial Performance	1 528 466	1 334 606

DEFINED CONTRIBUTION FUNDS

Council contribute to the National Fund for Municipal Workers and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

Contributions paid recognised in the Statement of Financial Performance

National fund for Municipal Workers	64 101	58 506
SAMWU National Provident Fund	603 753	611 843
	667 854	670 349

13. CONSUMER DEPOSITS

Electricity	159 370	141 577
Rental Properties	8 010	8 762
Tenders	11 200	6 300
Total Consumer Deposits	**178 579**	**156 639**

Consumer deposits are paid by consumers on application for new and electricity connections. The deposits are repaid when the electricity connections are terminated. In cases where consumers default on their accounts, Council utilizes the deposit as payment for the outstanding account.

14. CURRENT EMPLOYEE BENEFITS

Staff Bonuses	484 580	495 800
Staff Leave	1 891 950	1 735 822
Current Portion of Non-Current Provisions	331 608	204 302
Current Portion of Post Retirement Benefits - Note 12	211 916	195 598
Current Portion of Long-Service Provisions - Note 12	119 692	8 704
Total Provisions	**2 708 138**	**2 435 923**

The movement in current provisions are reconciled as follows:

14.1 *Staff Bonuses*

Balance at beginning of year	495 800	327 321
Contribution to current portion	1 139 592	1 210 730
Expenditure incurred	(1 150 811)	(1 042 251)
Balance at end of year	**484 580**	**495 800**

Bonuses are being paid to all municipal staff, excluding section 57 employees. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

		2019 R	2018 R
14.2	*Staff Leave*		
	Balance at beginning of year	1 735 822	1 761 362
	Contribution to current portion	268 796	347 291
	Expenditure incurred	(112 667)	(372 831)
	Balance at end of year	**1 891 950**	**1 735 822**

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

15. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Trade Payables	33 433 189	23 672 223
Advance Payments	121 527	139 933
Control, Clearing and Interface Accounts	830 081	892 675
Other Payables	663 693	452 375
Department of Transport	5 036 131	3 584 487
Retentions	806 355	280 344
Correction of Error - Note 41.7	-	511 857
Total Trade Payables	**40 890 977**	**29 533 894**

Payables are being recognised net of any discounts.

The carrying value of trade and other payables approximates its fair value.

All payables are unsecured.

16. UNSPENT TRANSFERS AND SUBSIDIES

Unspent Transfers and Subsidies	1 464 921	3 215 896
National Government Grants	1 237 172	3 014 632
Provincial Government Grants	54 214	151 511
District Municipality	-	-
Other Sources	173 535	49 753
Less: Unpaid Transfers and Subsidies	-	-
National Government Grants	-	-
Provincial Government Grants	-	-
District Municipality	-	-
Other Sources	-	-
Total Unspent Transfers and Subsidies	**1 464 921**	**3 215 896**

See appendix "E" for reconciliation of grants from other spheres of government. The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.

17. TAXES

17.1	VAT Payable	-	1 092 750
	VAT Output in Suspense	(4 759 253)	(4 023 650)
	Less: Contribution to Provision for Doubtful Debt Impairment	4 986 076	3 670 788
	Total VAT Payable	**226 823**	**739 888**
17.2	VAT Receivable	314 902	-
	VAT Input in Suspense	4 918 758	3 728 454
	Total VAT Receivable	**5 233 660**	**3 728 454**
	Correction of Error - Note 41.8	-	178 408
17.3	**Net VAT (Payable)/Receivable**	**5 460 482**	**4 646 751**

VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

18. SHORT-TERM BORROWINGS

The Municipality has no short term borrowings.

		2019 R	2018 R
19.	**NET ASSET RESERVES**		
	RESERVES	27 986 997	28 174 540
	Housing Development Fund	-	16 155
	Correction of Error - Note 41.9	-	(16 155)
	Revaluation Reserve	27 986 997	28 174 539
	Total Net Asset Reserve and Liabilities	**27 986 997**	**28 174 540**

19.1

The Housing Development Fund was established in terms of section 15 (5) and 16 of the Housing Act, Act 107 of 1997. The proceeds in this fund are utilised for housing development projects approved by the MEC. Any surplus/(deficit) on the Housing Department in the Statement of Financial Performance is transferred to the Housing Development Fund.

19.2

The Revaluation Reserve is created by surplus arising from the revaluation of property, plant and equipment.

20. PROPERTY RATES

Actual		
Rateable Land and Buildings	18 445 031	17 141 360
Business and Commercial Property	1 801 646	1 714 916
Mining Properties	167 380	238 534
Municipal Properties	370 925	-
Residential Properties	3 389 299	3 187 346
State-owned Properties	352 157	332 349
Agricultural Property	12 363 624	11 668 216
Less: **Revenue Forgone**	(13 134 467)	(12 087 995)
Total Property Rates	**5 310 564**	**5 053 365**
Valuations - 1 July 2018		
Rateable Land and Buildings	1 055 946 755	1 055 946 755
Business and Commercial Property	70 548 000	71 247 000
Mining Properties	9 910 000	9 910 000
Municipal Properties	17 156 225	17 156 225
Public Benefit Organisations	4 520 000	4 530 000
Public Service Infrastructure Properties	285 000	286 000
Residential Properties	200 669 000	199 959 000
State-owned Properties	20 850 000	20 850 000
Agricultural Property	732 008 530	732 008 530
Less: **Revenue Forgone**	(777 475 031)	(779 858 677)
Total Assessment Rates	**278 471 724**	**276 088 078**

Assessment Rates are levied on the value of land and improvements, which valuation is performed every 4 years. The last valuation came into effect on 1 July 2013. The next valuation was exempted to 1 July 2019.

Basic Rate

Land and Improvements	0.01689c/R	0.01594c/R
Agricultural	0.000893c/R	0.000843c/R

Rates are levied annually and monthly. Monthly rates are payable by the 30th of the following month. Interest is levied at the prime rate plus 1% on outstanding monthly instalments.

Rebates were granted on land with buildings used solely for dwellings purposes as follows:

Residential -	The first R25 000 on the valuation is exempted.
State -	- 5%

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

		2019 R	2018 R
21.	**GOVERNMENT GRANTS AND SUBSIDIES**		
	Government Grants and Subsidies - Operating	22 124 637	20 082 997
	Equitable Share	17 394 416	16 391 010
	Expanded Public Works Programme Integrated Grant	1 000 000	902 702
	Local Government Financial Management Grant	1 970 000	1 900 000
	Municipal Infrastructure Grant	1 002 221	-
	Libraries, Archives and Museums	708 000	812 786
	Municipal Systems Improvement Grant	-	-
	LG SETA	-	76 499
	Vedanta	50 000	-
	Government Grants and Subsidies - Capital	12 862 121	17 556 483
	Integrated National Electrification Programme Grant	1 070 825	982 974
	Municipal Infrastructure Grant	6 709 779	12 587 284
	Integrated City Development Grant	-	-
	Water Services Infrastructure Grant	5 081 517	3 986 225
	Total Government Grants and Subsidies	**34 986 758**	**37 639 480**
	Included in above are the following grants and subsidies received:		
	Unconditional	17 394 416	16 391 010
	Equitable Share	17 394 416	16 391 010
	Conditional	17 592 342	21 248 470
	Local Government Financial Management Grant	1 970 000	1 900 000
	Libraries, Archives and Museums	708 000	812 786
	Integrated City Development Grant	-	-
	Construction, Education and Training SETA	-	76 499
	Integrated National Electrification Programme Grant	1 070 825	982 974
	Municipal Infrastructure Grant	7 712 000	12 587 284
	Water Services Infrastructure Grant	5 081 517	3 986 225
	Expanded Public Works Programme Integrated Grant	1 000 000	902 702
	Vedanta	50 000	-
	Total Government Grants and Subsidies	**34 986 758**	**37 639 480**
	Revenue recognised per vote as required by Section 123 (c) of the MFMA:		
	Equitable share	17 394 416	16 391 010
	Grants and Donations		
	Finance and Administration	1 970 000	1 976 499
	Community and social services	708 000	812 786
	Sport and recreation	2 294 793	3 347 928
	Road Transport	-	902 702
	Energy Sources	1 070 825	982 974
	Water Management	9 091 171	13 225 581
	Waste Water Management	2 407 553	-
	Total Government Grants and Subsidies	**34 986 758**	**37 639 480**

Based on the allocations set out in the Division of Revenue Act (DoRA), no significant changes in the level of government funding are expected over the forthcoming 3 financial years.

21.1	**Equitable Share**		
	Opening balance	-	-
	Correction of Error	-	-
	Grants received	17 394 416	16 391 010
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	(17 394 416)	(16 391 010)
	Conditions met - Capital	-	-
	Conditions still to be met	-	-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

		2019 R	2018 R
21.2	**Local Government Financial Management Grant (FMG)**		
	Opening balance	-	-
	Correction of Error	-	-
	Grants received	1 970 000	1 900 000
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	(1 970 000)	(1 900 000)
	Conditions met - Capital	-	-
	Conditions still to be met	(0)	-

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

21.3	**Municipal Systems Improvement Grant (MSIG)**		
	Opening balance	212 118	212 118
	Correction of Error	-	-
	Grants received	-	-
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	-	-
	Conditions met - Capital	-	-
	Conditions still to be met	212 118	212 118

The Municipal Systems Improvement Grant was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.

21.4	**Municipal Infrastructure Grant (MIG)**		
	Opening balance	1 771 207	8 843 501
	Correction of Error	-	-
	Grants received	7 712 000	7 825 000
	Interest received	-	-
	Repaid to National Revenue Fund	(1 771 207)	(2 310 010)
	Conditions met - Operating	(1 002 221)	-
	Conditions met - Capital	(6 709 779)	(12 587 284)
	Conditions still to be met	-	1 771 207

The Municipal Infrastructure Grant was used to upgrade infrastructure in previously disadvantaged areas.

21.5	**Integrated National Electrification Grant**		
	Opening balance	17 532	506
	Correction of Error	-	-
	Grants received	1 650 000	1 000 000
	Interest received	-	-
	Repaid to National Revenue Fund	(17 532)	-
	Conditions met - Operating	-	-
	Conditions met - Capital	(1 070 825)	(982 974)
	Conditions still to be met	579 175	17 532

The National Electrification Grant was used for electrical connections in previously disadvantaged areas.

21.6	**Library Grant**		
	Opening balance	54 214	-
	Correction of Error	-	-
	Grants received	708 000	867 000
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	(708 000)	(812 786)
	Conditions met - Capital	-	-
	Conditions still to be met	54 214	54 214

The grant was used to provide Library services to the community.

		2019 R	2018 R
21.7	**Expanded Public Works Programme**		
	Opening balance	97 298	-
	Correction of Error	-	-
	Grants received	1 000 000	1 000 000
	Interest received	-	-
	Repaid to National Revenue Fund	(97 298)	-
	Conditions met - Operating	(1 000 000)	(902 702)
	Conditions met - Capital	-	-
	Conditions still to be met	-	97 298
	The grant was used for job creation.		
21.8	**Water Services Infrastructure Grant**		
	Opening balance	1 013 775	-
	Correction of Error	-	-
	Grants received	5 000 000	5 000 000
	Interest received	-	-
	Repaid to National Revenue Fund	(486 379)	-
	Conditions met - Operating	-	-
	Conditions met - Capital	(5 081 517)	(3 986 225)
	Conditions still to be met	445 879	1 013 775
	The grant was used for water infrastructure projects.		
21.9	**LG SETA**		
	Opening balance	49 753	95 408
	Correction of Error	-	-
	Grants received	43 783	30 843
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	-	(76 499)
	Conditions met - Capital	-	-
	Conditions still to be met	93 535	49 753
	The grant was used to provide training to employees.		
21.10	**VEDANTA**		
	Opening balance	-	-
	Correction of Error	-	-
	Grants received	130 000	-
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	(50 000)	-
	Conditions met - Capital	-	-
	Conditions still to be met	80 000	-
	The grant was used to provide training to employees.		
21.11	**Total Grants**		
	Opening balance	3 215 896	9 151 533
	Reclassification	-	-
	Grants received	35 608 199	34 013 853
	Interest received	-	-
	Repaid to National Revenue Fund	(2 372 416)	(2 310 010)
	Conditions met - Operating	(22 124 637)	(20 082 997)
	Conditions met - Capital	(12 862 121)	(17 556 483)
	Conditions still to be met/(Grant expenditure to be recovered)	1 464 921	3 215 896
	Disclosed as follows:		
	Unspent Conditional Government Grants and Receipts	1 464 921	3 215 896
	Transfers and Subsidies Payable	-	-
	Total	**1 464 921**	**3 215 896**
22.	**AVAILABILITY CHARGES**		
	Electricity	40 642	36 451
	Water	4 124 256	3 857 219
	Total Availability Charges	**4 164 898**	**3 893 670**

		2019 R	2018 R
23.	**LICENCES AND PERMITS**		
	Trading	400	282
	Road and Transport	40 840	33 407
	Total Licences and Permits	**41 239**	**33 688**
	Disclosed as follows:		
	Revenue from Non-Exchange Transactions	-	-
	Revenue from Exchange Transactions	41 239	33 688
	Total Licences and Permits	**41 239**	**33 688**
24.	**SERVICE CHARGES**		
	Electricity	**8 304 776**	**7 495 436**
	Service Charges	8 904 106	8 044 725
	Less: Revenue Forgone	(599 329)	(549 289)
	Water	**1 778 357**	**2 545 691**
	Service Charges	5 824 100	6 359 247
	Less: Revenue Forgone	(4 045 743)	(3 813 557)
	Waste Management	**1 210 268**	**1 094 403**
	Service Charges	3 823 320	3 568 893
	Less: Revenue Forgone	(2 613 053)	(2 474 490)
	Waste Water Management	**1 380 944**	**1 291 033**
	Service Charges	3 855 363	3 643 424
	Less: Revenue Forgone	(2 474 419)	(2 352 391)
	Total Service Charges	**12 674 345**	**12 426 563**

Revenue Forgone can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

25.	**SALES OF GOODS AND RENDERING OF SERVICES**		
	Application Fees for Land Usage	2 709	11 217
	Building Plan Approval	19 346	7 866
	Clearance Certificates	2 505	3 600
	Photocopies and Faxes	2 871	828
	Scrap, Waste & Other Goods	16 435	3 108
	Valuation Services	1 242	200
	Total Sales of Goods and Rendering of Services	**45 108**	**26 819**
26.	**RENTAL FROM FIXED ASSETS**		
	Heritage Assets	-	-
	Investment Property	-	-
	Biological Assets	-	-
	Property, Plant and Equipment	231 876	213 825
	Total Rental from Fixed Assets	**231 876**	**213 825**
27.	**INTEREST EARNED - EXTERNAL INVESTMENTS**		
	Bank	293 490	659 591
	Total Interest Earned - External Investments	**293 490**	**659 591**
28.	**INTEREST EARNED - EXCHANGE TRANSACTIONS**		
	Trade Receivables	3 406 110	2 885 264
	Total Interest Earned - Outstanding Receivables	**3 406 110**	**2 885 264**
29.	**OPERATIONAL REVENUE**		
	Merchandising, Jobbing and Contracts	-	263
	Registration Fees	3 029	3 996
	Settlement by National Treasury	2 979 341	4 482 770
	Unclaimed Deposits	-	122 823
	Total Operational Revenue	**2 982 370**	**4 609 852**

		2019 R	2018 R
	Disclosed as follows:		
	Revenue from Exchange Transactions	3 029	127 081
	Revenue from Non-Exchange Transactions	2 979 341	4 482 770
	Total Operational Revenue	**2 982 370**	**4 609 852**
30.	**EMPLOYEE RELATED COSTS**		
	Basic Salaries and Wages	15 323 633	14 220 467
	Pension and UIF Contributions	2 072 280	1 868 742
	Medical Aid Contributions	396 296	256 429
	Overtime	1 565 549	1 452 452
	Bonuses	1 139 592	1 210 730
	Motor Vehicle Allowance	229 700	290 123
	Cell Phone Allowance	23 365	23 365
	Housing Allowances	69 262	49 762
	Other benefits and allowances	494 905	574 506
	Payments in lieu of leave	268 796	347 291
	Workmen's Compensation Fund	110 530	89 531
	Post-retirement Benefit Obligations	500 701	485 098
	Medical - Note 12.1	395 136	391 040
	Current Service Cost	395 136	391 040
	Long Service Awards - Note 12.1	105 565	94 058
		22 194 608	20 868 494
	Less: Employee Costs allocated elsewhere	-	-
	Cost Capitalised to PPE	-	-
	Cost allocated to Inventory	-	-
	Total Employee Related Costs	**22 194 608**	**20 868 494**

KEY MANAGEMENT PERSONNEL

Only Municipal Manager is appointed on 5-year fixed contracts. There are no post-employment or termination benefits payable to him at the end of the contract periods.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Remuneration of the Municipal Manager - Mr OJ Isaacs		
Basic Salary	1 083 409	947 451
Cell Phone Allowance	12 000	12 000
Other benefits and allowances	83 965	189 490
Payments in lieu of leave	-	181 910
Total	**1 179 374**	**1 330 852**
Remuneration of the Chief Financial Officer - Mr PJ van der Merwe		
Basic Salary	382 906	355 052
Pension and UIF Contributions	70 168	65 694
Medical Aid Contributions	48 967	46 884
Annual Bonus	31 659	29 588
Motor Vehicle Allowance	121 435	121 435
Cell Phone Allowance	5 683	5 683
Long service awards	-	21 303
Total	**660 817**	**645 639**

31.	**REMUNERATION OF COUNCILLORS**		
	PA van Heerden	850 363	861 912
	S April	293 430	289 619
	A A van Wyk	303 762	306 236
	S Brandt	295 780	301 222
	EP Cloete	308 080	304 230
	AS Rooi		308 937
	B Josop	247 572	-
	S Quincy	294 930	289 619
	Total Councillors' Remuneration	**2 593 917**	**2 661 775**

Remuneration paid to Councillors can be summarised as follow:

	Salary	Travel Allowance	Other Allowances	Contributions	Total
Mayor	581 297	30 900	238 166	-	850 363
Councillors	1 074 279	327 193	259 000	83 082	1 743 554
Total Councillors' Remuneration	**1 655 577**	**358 093**	**497 166**	**83 082**	**2 593 917**

In-kind Benefits

The Mayor is a full-time Councillor. She is provided with an office and secretarial support at the cost of the Municipality. The Mayor may utilise official Council transportation when engaged in official duties.

		2019 R	2018 R
32.	**CONTRACTED SERVICES**		
	Cleaning Services	34 609	33 128
	Personnel and Labour	1 005 803	430 598
	Business and Advisory	1 080 133	747 927
	Laboratory Services	35 726	27 537
	Legal Cost	1 500	24 456
	Catering Services	68 869	1 500
	Maintenance of Buildings and Facilities	-	4 609
	Maintenance of Equipment	996 671	691 644
	Maintenance of Unspecified Assets	66 867	75 512
	Sports and Recreation	12 500	-
	Total Contracted Services	**3 302 677**	**2 036 910**
33.	**DEPRECIATION AND AMORTISATION**		
	Property, Plant and Equipment	7 308 688	9 386 112
	Intangible Assets	113 762	494 967
	Investment Property carried at cost	6 096	-
	Correction of Error - Note 41.11	-	(615 813)
	Total Depreciation and Amortisation	**7 428 546**	**9 265 266**
34.	**FINANCE COSTS**		
	Long-term Borrowings	1 852	4 994
	Non-current Provisions	1 342 406	1 005 562
	Non-current Employee Benefits	645 161	594 079
	Payables	1 868 602	1 657 840
	Correction of Error - Note 41.11	-	270 368
	Total Finance Costs	**3 858 021**	**3 532 844**
	Interest Cost of R3 854 208 (2018: R3 527 849) is included in the amounts above.		
35.	**BULK PURCHASES**		
	Electricity	8 663 012	7 460 958
	Water	1 547 888	1 736 602
	Total Bulk Purchases	**10 210 900**	**9 197 561**

		2019 R	2018 R
36.	**OPERATIONAL COSTS**		
	Advertising, Publicity and Marketing	42 444	82 668
	Audit Fees	3 326 467	2 329 991
	Bank Charges, Facility and Card Fees	245 250	242 266
	Commission	439 867	380 395
	Communication	407 072	393 443
	Entertainment	16 644	18 657
	Insurance Underwriting	279 026	234 280
	Licences	84 352	92 748
	Printing, Publications and Books	12 444	56 295
	Professional Bodies, Membership and Subscription	518 375	23 841
	Remuneration to Ward Committees	178 500	98 000
	Skills Development Fund Levy	191 383	182 189
	Transport Provided as Part of Departmental Activities	57 890	-
	Travel and Subsistence	1 265 456	944 797
	Uniform and Protective Clothing	66 638	74 600
	Wet Fuel	536 569	516 032
	Correction of Error - Note 41.10	-	511 857
	Total Operational Costs	**7 668 376**	**6 182 060**
37.	**REVERSAL OF IMPAIRMENT LOSS/(IMPAIRMENT LOSS) ON RECEIVABLES**		
	Receivables from Exchange Transactions - Note 7	7 624 854	7 200 595
	Receivables from Non-exchange Revenue - Note 8	224 901	1 747 075
	Correction of Error - Note 41.11	-	(52 168)
	Total Reversal of Impairment Loss/ (Impairment Loss) on Receivables	**7 849 756**	**8 895 501**
38.	**GAINS/(LOSS) ON SALE OF FIXED ASSETS**		
	Investment Property	(65 250)	(1 600)
	Property, Plant and Equipment	(10 312)	(4 136)
	Total Gains/ (Loss) on Sale of Fixed Assets	**(75 562)**	**(5 736)**
39.	**WATER LOSSES**		
	Apparent Losses	-	-
	Real Losses	2 721 845	3 196 540
	Data Transfer and Management Errors	-	-
	Unavoidable Annual Real Losses	-	-
	Total Water Losses	2 721 845	3 196 540

40. RECLASSIFICATION OF ITEMS IN THE FINANCIAL STATEMENTS AS A RESULT OF THE IMPLEMENTATION OF mSCOA

The Municipal Regulations on Standard Chart of Accounts (mSCOA) came into effect on 1 July 2017. The mSCOA Charts are updated annually by National Treasury. The municipality has realigned items in the financial statements with the Item Segment of mSCOA Version 6.2, on which the municipality was required to transacted for periods after 1 July 2018. The result of this process was a reclassification and naming of items in the annual financial statements. The reclassification of 2018 audited amounts can be summarised as follows:

Statement of Financial Position	Balance previously reported	Adjustments	Restated Balance
Property, Plant and Equipment	104 335 127	-	104 335 127
Investment Property	4 974 682	-	4 974 682
Intangible Assets	206 989	-	206 989
Inventory	1 339 531	-	1 339 531
Receivables from Exchange Transactions	2 663 013	-	2 663 013
Receivables from Non-exchange Transactions	372 368	-	372 368
Taxes	4 468 342	-	4 468 342
Cash and Cash Equivalents	933 210	-	933 210
Non-current Provisions	6 524 197	-	6 524 197
Non-current Employee Benefits	6 667 916	-	6 667 916
Consumer Deposits	156 639	-	156 639
Provisions	11 062 902	-	11 062 902
Current Employee Benefits	2 435 923	-	2 435 923
Trade and Other Payables from Exchange Transactions	29 022 037	-	29 022 037
Unspent Transfers and Subsidies	3 215 896	-	3 215 896
Operating Lease Liability	105 804	-	105 804
Current Portion of Long-term Borrowings	28 688	-	28 688
Housing Development Fund	16 155	-	16 155
Revaluation Reserve	28 174 539	-	28 174 539
Accumulated Surplus/(Deficit)	31 882 566	-	31 882 566
		-	

Statement of Financial Performance	Balance previously reported	Adjustments	Restated Balance
Property Rates	5 053 365	-	5 053 365
Surcharges and Taxes	22 011	-	22 011
Government Grants and Subsidies	37 639 480	-	37 639 480
Actuarial Gains	283 927	-	283 927
Availability Charges	-	3 893 670	3 893 670
Fines. Penalties and Forfeits	54 832	-	54 832
Interest Earned - Non-exchange Transactions	296 795	-	296 795
Service Charges	16 320 233	(3 893 670)	12 426 563
Sales of Goods and Rendering of Services	26 819	-	26 819
Rental from Fixed Assets	213 825	-	213 825
Interest Earned - external investments	659 591	-	659 591
Interest Earned - Exchange Transactions	2 885 264	-	2 885 264
Licences and Permits	33 688	-	33 688
Agency Services	242 808	-	242 808
Operational Revenue	4 609 852	-	4 609 852
Employee related costs	(20 868 494)	-	(20 868 494)
Remuneration of Councillors	(2 661 775)	-	(2 661 775)
Contracted Services	(2 036 910)	-	(2 036 910)
Depreciation and Amortisation	(9 881 079)	-	(9 881 079)
Actuarial Losses	(19 535)	-	(19 535)
Finance Costs	(3 262 476)	-	(3 262 476)
Bulk Purchases	(9 197 561)	-	(9 197 561)
Inventory Consumed	(1 812 084)	-	(1 812 084)
Operational Costs	(5 670 203)	-	(5 670 203)
Reversal of Impairment Loss/(Impairment Loss) on Receivables	(8 947 669)	-	(8 947 669)
Gains/(Loss) on Sale of Fixed Assets	(5 736)	-	(5 736)
Water Losses	(3 196 540)	-	(3 196 540)
Net Surplus/(Deficit) for the year	**782 428**	**-**	**782 428**

		2019 R	2018 R
41.	**CORRECTION OF ERROR IN TERMS OF GRAP 3**		
	The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GRAP:		
41.1	**Property, Plant and Equipment**		
	Balance previously reported	-	104 335 127
	Cost	-	268 563
	Contributed PPE not recognised in prior year - Note 2	-	378 185
	Transfer of Community Assets to Investment Property in periods before 1 July 2017 - Note 2	-	(109 622)
	Accumulated Depreciation	-	6 597 707
	Transfer of Community Assets to Investment Property in periods before 1 July 2017 - Note 2	-	50 426
	Correction of Depreciation on Infrastructure Assets in periods before 1 July 2017 - Note 2	-	5 748 665
	Correction of Depreciation on Community Assets in periods before 1 July 2017 - Note 2	-	466 991
	Correction of Depreciation on Community Assets in 2017/2018 - Note 2	-	34 253
	Correction of Depreciation on Other Assets in periods before 1 July 2017 - Note 2		297 371
	Restated Balance	-	**111 201 397**
	Contributed PPE not recognised in the prior year, correction of depreciation in accordance with condition assessment, and Community Assets transferred to Investment Property.		
41.2	**Investment Property**		
	Balance previously reported	-	4 974 682
	Cost	-	109 622
	Transfer of Community Assets to Investment Property in periods before 1 July 2017 - Note 3	-	109 622
	Accumulated Depreciation	-	434 914
	Transfer of Community Assets to Investment Property in periods before 1 July 2017 - Note 3	-	(50 426)
	Correction of Depreciation in 2017/20178- Note 3		485 340
	Restated Balance	-	**5 519 218**
	Transfer Community Assets to Investment Property and correction of depreciation in accordance with condition assessment.		
41.3	**Intangible Assets**		
	Balance previously reported	-	206 989
	Accumulated Amortisation	-	79 553
	Correction of Amortisation in periods before 1 July 2017 - Note 4		(16 667)
	Correction of Amortisation in 2017/2018 - Note 4		96 220
	Restated Balance	-	**286 542**
	Correciton of Amortisation in accordance with condition assessment.		
41.4	**Receivables from Exchange Transactions**		
	Balance previously reported	-	2 663 013
	Correction of Provision for Debt Impairment in periods before 1 July 2017 - Note 7	-	16 834
	Correction of Provision for Debt Impairment in 2017/2018 - Note 7	-	69 108
	Correction of Input Tax on Provision for Debt Impairment in 2017/2018 - Note 17	-	(178 408)
	Restated Balance	-	**2 570 547**
	Correction of consumer accounts.		
41.5	**Receivables from Non-Exchange Transactions**		
	Balance previously reported	-	372 368
	Correction of Provision for Debt Impairment in periods before 1 July 2017 - Note 8	-	7 972
	Correction of Provision for Debt Impairment in 2017/2018 - Note 8	-	(16 939)
	Restated Balance	-	**363 401**
	Recalculation of Provision for Debt Impairment.		

		2019 R	2018 R
41.6	**Non-Current Provisions**		
	Balance previously reported	-	6 524 197
	Transfer from Current Provisions - Note 11	-	(6 040 057)
	Correction of Rehabilitation Cost of Landfill-sites in periods before 1 July 2017 - Note 11	-	7 908 480
	Correction of Rehabilitation Cost of Landfill-sites in 2017/2018 - Note 11	-	270 368
	Restated Balance	-	**8 662 988**

Correction of Rehabilitation Cost of Landfill-sites.

41.7	**Trade and Other Payables from Exchange Transactions**		
	Balance previously reported	-	29 022 037
	Sundry Payables not recognised in 2017/2018 - Note 15	-	511 857
	Restated Balance	-	**29 533 894**

Sundry Payables not recognised in prior years.

41.8	**Taxes**		
	Balance previously reported	-	4 468 342
	Correction of Input Tax on Provision for Debt Impairment in 2017/2018 - Note 17	-	178 408
	Restated Balance	-	**4 646 751**

Correction of Output Taxes in 2016/2017.

41.9	**Housing Development Fund**		
	Balance previously reported	-	16 155
	Write-off Housing Development Fund - Periods before 1 July 2017 - Note 19	-	(16 155)
	Restated Balance	-	-

Write-off of Housing Development Fund.

41.10	**Accumulated Surplus/(Deficit) - 1 July 2017**		
	Write-off Housing Development Fund - Periods before 1 July 2017 - Note 41.7	-	16 155
	Correction of Rehabilitation Cost of Landfill-sites in periods before 1 July 2017 - Note 41.4	-	(7 908 480)
	Correction of Provision for Debt Impairment in periods before 1 July 2017 - Note 41.5	-	7 972
	Correction of Provision for Debt Impairment in periods before 1 July 2017 - Note 41.5	-	16 834
	Correction of Amortisation in periods before 1 July 2017 - Note 41.3	-	(16 667)
	Correction of Backlog Depreciation on Infrastructure Assets in periods before 1 July 2017 - Note 41.1	-	5 748 665
	Correction of Backlog Depreciation on Community Assets in periods before 1 July 2017 - Note 41.1	-	466 991
	Correction of Backlog Depreciation on Other Assets in periods before 1 July 2017 - Note 41.1	-	297 371
	Total	-	**(1 371 158)**

41.11 **Changes to Statement of Financial Performance**

Movement on operating account as a result of GRAP standards not implemented correctly in prior years:

	Note	Balance previously reported	Adjustments	Restated Balance
Revenue				
Property Rates		5 053 365	-	5 053 365
Surcharges and Taxes		22 011	-	22 011
Government Grants and Subsidies		37 639 480	-	37 639 480
Contributed Property, Plant and Equipment	41.1	-	378 185	378 185
Actuarial Gains		283 927	-	283 927
Availability Charges		3 893 670	-	3 893 670
Fines. Penalties and Forfeits		54 832	-	54 832
Interest Earned - Non-exchange Transactions		296 795	-	296 795
Licences and Permits from Non-Exchange Transactions		4 482 770	-	4 482 770
Service Charges		12 426 563	-	12 426 563
Sales of goods and rendering of services		26 819	-	26 819
Rental from Fixed Assets		213 825	-	213 825
Interest Earned - External Investments		659 591	-	659 591
Interest Earned - Exchange Transactions		2 885 264	-	2 885 264
Licences and Permits from Exchange Transactions		33 688	-	33 688
Agency Services		242 808	-	242 808
Operational Revenue		127 081	-	127 081
Total		**68 342 490**	**378 185**	**68 720 675**

Expenditure	Note	Balance previously reported	Adjustments	Restated Balance
Employee related costs		(20 868 494)	-	(20 868 494)
Remuneration of Councillors		(2 661 775)	-	(2 661 775)
Bad Debts Written Off		-	-	-
Contracted Services		(2 036 910)	-	(2 036 910)
Depreciation and Amortisation	41.1	(9 881 079)	615 813	(9 265 266)
Actuarial Losses		(19 535)	-	(19 535)
Finance Costs	41.5	(3 262 476)	(270 368)	(3 532 844)
Bulk Purchases		(9 197 561)	-	(9 197 561)
Inventory Consumed		(1 812 084)	-	(1 812 084)
Operational Costs	41.6	(5 670 203)	(511 857)	(6 182 060)
Total		**(55 410 116)**	**(166 412)**	**(55 576 529)**

Gains and Losses	Note	Balance previously reported	Adjustments	Restated Balance
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value		-	-	-
Reversal of Impairment Loss/(Impairment Loss) on Receivables		(8 947 669)	52 168	(8 895 501)
Gains/(Loss) on Sale of Fixed Assets		(5 736)	-	(5 736)
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets		-	-	-
Profit/(Loss) on Fair Value Adjustments		-	-	-
Profit/(Loss) from Discontinued Operations		-	-	-
Water Losses		(3 196 540)	-	(3 196 540)
Total		**(12 149 945)**	**52 168**	**(12 097 777)**
Net Surplus/(Deficit) for the year		**782 428**	**263 942**	**1 046 370**

41.12 Irregular Expenditure for 2018 was also restated. Refer to note 47.3 for more detail.

42. RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS	2019 R	2018 R
Surplus/(Deficit) for the year	(3 538 432)	1 046 370
Adjustments (Cash/Non-Cash) for:		
Depreciation and Amortisation	7 428 546	9 265 266
Loss/(Gain) on Sale of Fixed Assets	75 562	5 736
Impairment Loss/(Reversal of Impairment Loss)	-	-
Contributed Property, Plant and Equipment	-	(378 185)
Government Grants and Subsidies received	33 235 783	31 703 843
Government Grants and Subsidies recognised as revenue	(34 986 758)	(37 639 480)
Contribution to provisions – Non-Current Provisions	1 342 406	1 275 930
Contribution from/to provisions - Non-Current Employee Benefits	1 408 387	1 079 177
Contribution from/to provisions - Non-Current Employee Benefits - Expenditure incurred	(1 263 479)	(255 829)
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial losses	168 759	19 535
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial gains	(1 333 012)	(283 927)
Contribution from/to - Current Employee Benefits	949 117	142 939
Contribution to provisions – Bad Debt	7 849 756	9 975 590
Operating lease income accrued	-	10 449
Operating Surplus/(Deficit) before changes in working capital	11 336 635	15 967 414
Changes in working capital	2 600 117	(6 183 818)
Increase/(Decrease) in Trade and Other Payables	11 357 083	7 055 288
Increase/(Decrease) in Taxes	(813 731)	(2 270 670)
(Increase)/Decrease in Inventory	398 202	(830 564)
(Increase)/Decrease in Trade Receivables from Exchange Transactions	(7 393 276)	(8 664 533)
(Increase)/Decrease in Receivables from Non-Exchange Transactions	(945 561)	(1 473 339)
Cash generated/(absorbed) by operations	13 936 752	9 783 596

43. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following:

Current Accounts - Note 9	258 287	84 600
Call Deposits and Investments - Note 9	935 603	848 510
Cash Floats - Note 9	100	100
Total cash and cash equivalents	**1 193 990**	**933 210**

		2019 R	2018 R
44.	**RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES**		
	Cash and Cash Equivalents - Note 43	1 193 990	933 210
	Less:	(1 464 921)	(3 215 896)
	Unspent Transfers and Subsidies - Note 16	(1 464 921)	(3 215 896)
	Net cash resources available for internal distribution	(270 931)	(2 282 687)
	Allocated to:		
	Capital Replacement Reserve	-	-
	Employee Benefits Reserve	-	-
	Social Contribution Reserve	-	-
	Non-Current Provisions Reserve	-	16 155
	Valuation Reserve	-	-
	Resources available for working capital requirements	**(270 931)**	**(2 266 532)**
45.	**UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION**		
	Long-term Liabilities - Note 10	-	28 688
	Used to finance property, plant and equipment - at cost	-	(28 688)
	Cash set aside for the repayment of long-term liabilities	-	-
	Cash invested for repayment of long-term liabilities	-	-

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.

46. BUDGET INFORMATION

46.1 Explanation of variances between approved and final budget amounts

The reasons for the variances between the approved and final budgets are mainly due to virements, and the negative effect of the abnormal high electricity and solid waste tariff increases on consumer debtors, the decrease in the capital expenditure, and the reprioritising of capital projects, with the corresponding changes to funding sources.

Explanation of variances greater than 10%: Final Budget and Actual Amounts

46.2 Statement of Financial Position

46.2.1 Current Assets

Cash

Lower cash levels due to cash flow constraints.

Call Investment Deposits

Government Grants not spent on year-end.

Other Debtors

Increase in VAT Receivable on year-end.

Inventory

Higher level of material and supplies on year-end than budgeted for.

46.2.2 Non-Current Assets

Investment Property

Reconstructured Asset Register as result of prior year audit finding.

Property, Plant and Equipment

Reconstructured Asset Register as result of prior year audit finding.

Intangible Assets

Reconstructured Asset Register as result of prior year audit finding.

46.2.3 Current Liabilities

Consumer Deposits

Incerease in New Consumers.

Trade and Other Payables

Municipality experience difficulty to pay trade creditors.

Provisions

Increase in short-term portion of Rehabilitation Cost of Landfill-sites.

46.2.4 Net Assets

Accumulated Surplus/(Deficit)

Net result of all differences between budget and actual amounts.

Statement of Financial Performance

46.2.6 Revenue

Service Charges - Sanitation Revenue

Increase in Revenue Forgone to Indigents.

Other Revenue

Discount received on Auditor-General account and reclassification of revenue.

46.2.6 Expenditure

Employee Related Costs

Non-filling of vacant posts due to cash flow challenges.

Depreciation and Asset Impairment

Increase in depreciation due to completion of capital under construction projects.

Finance Charges

Increase in finance component of Provision for Rehabilitation of landfill-sites.

Other Materials

Implementing of strict budget control as a result of cash flow challenges.

Contracted Services

Implementing of strict budget control as a result of cash flow challenges.

Cash Flow Statement

46.2.7 Net Cash from Operating Activities

Taxation

Increase in Provision of Debt Impairment as a result of non-payment by consumers.

Service Charges

Increase in Provision of Debt Impairment as a result of non-payment by consumers.

Finance costs

Interest paid to suppliers.

46.2.8 Net Cash from Investing Activities

Capital Assets

Decrease in spending on capital projects as a result of cash flow constraints.

46.2.9 Net Cash from Financing Activities

Increase/(Decrease) in Consumer Deposits

Increase in Consumer Deposits.

		2019 R	2018 R
47.	**UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED**		
47.1	**Unauthorised expenditure**		
	Reconciliation of unauthorised expenditure:		
	Opening balance	16 716 652	10 140 323
	Correction of prior period error	-	-
	Restated opening balance	16 716 652	10 140 323
	Unauthorised expenditure current year - operational	2 806 682	6 556 075
	Unauthorised expenditure current year - capital	-	20 254
	Written off by Council	-	-
	Current	-	-
	Prior Period	-	-
	Transfer to receivables for recovery	-	-
	Current	-	-
	Prior Period	-	-
	Unauthorised expenditure awaiting authorisation	**19 523 334**	**16 716 652**

Unauthorised expenditure can be summarised as follow:

Incident		Disciplinary steps/criminal proceedings		
Over expenditure of operational budget - 2017		*Under Investigation*	10 140 323	10 140 323
Over expenditure of approved operating budget - 2018		*Under Investigation*	6 556 075	6 556 075
Over expenditure of approved capital budget - 2018		*Under Investigation*	20 254	20 254
Over expenditure of approved budget - 2019		*None*	2 806 682	-
			19 523 334	16 716 652

The over expenditure incurred by municipal departments on their operating budgets during the year is attributable to the following categories:

Non-cash	2 806 682	6 556 075
Cash	-	-
	2 806 682	**6 556 075**

Analysed as follows: Non-cash

Depreciation and Amortisation	-	1 258 404
Impairment Loss on Receivables	2 806 682	5 297 671
	2 806 682	**6 556 075**

The overspending of the Budget per municipal vote can be summarised as follows:

Unauthorised expenditure current year - operating	**2019 Actual R**	**2019 Final Budget R**	**2019 Variance R**	**2019 Unauthorised R**
Municipal Manager	7 672 650	8 603 739	(931 089)	-
Finance	7 673 981	8 812 529	(1 138 548)	-
Corporate Services	10 222 355	12 353 965	(2 131 610)	-
Infrastructure Development	41 824 594	39 017 912	2 806 682	2 806 682
Economic Development	907 992	1 503 761	(595 769)	-
	68 301 572	70 291 906	(1 990 334)	2 806 682

Unauthorised expenditure current year - capital	**2019 Actual R**	**2019 Final Budget R**	**2019 Variance R**	**2019 Unauthorised R**
Municipal Manager	98 876	200 500	(101 624)	-
Finance	-	-	-	-
Corporate Services	-	-	-	-
Infrastructure Development	13 570 348	33 883 486	(20 313 138)	-
Economic Development	-	-	-	-
	13 669 224	34 083 986	(20 414 762)	-

		2019 R	2018 R
47.2	**Fruitless and wasteful expenditure**		
	Reconciliation of fruitless and wasteful expenditure:		
	Opening balance	3 005 928	1 348 088
	Correction of prior period error	-	-
	Restated opening balance	3 005 928	1 348 088
	Fruitless and wasteful expenditure current year	1 482 055	1 657 840
	Written off by Council	-	-
	Current	-	-
	Prior Period	-	-
	Transfer to receivables for recovery - not condoned	-	-
	Current	-	-
	Prior Period	-	-
	Fruitless and wasteful expenditure awaiting condonement	**4 487 983**	**3 005 928**

Fruitless and wasteful expenditure can be summarised as follow:

Incident		Disciplinary steps/criminal proceedings		
Interest on overdue accounts - 2017		*Under Investigation*	1 348 088	1 348 088
Interest on overdue accounts - 2018		*Under Investigation*	1 657 840	1 657 840
Interest on overdue accounts - 2019		*None*	1 482 055	-
			4 487 983	3 005 928

		2019 R	2018 R
47.3	**Irregular expenditure**		
	Reconciliation of irregular expenditure:		
	Opening balance	12 089 538	-
	Correction of prior period error	-	-
	Restated opening balance	12 089 538	-
	Irregular expenditure current year	5 566 454	11 842 220
	Correction of Error	-	247 318
	Expenditure authorised i.t.o. Section 32 of MFMA	-	-
	Current	-	-
	Prior Period	-	-
	Written off by Council	(5 566 454)	-
	Current	(5 566 454)	-
	Prior Period	-	-
	Transfer to receivables for recovery - not condoned	-	-
	Current	-	-
	Prior Period	-	-
	Irregular expenditure awaiting further action	**12 089 538**	**12 089 538**

Irregular expenditure can be summarised as follow:

Incident		Disciplinary steps/criminal proceedings		
Non compliance with SCM Policy - Quotations was not for the same type of goods.		*To be investigated*	68 286	68 286
Non compliance with SCM Policy - 3 Quotations was not obtained.		*To be investigated*	32 250	32 250
Non compliance with SCM Policy - No tax Clearance certificate.		*To be investigated*	80 000	80 000
Non compliance with SCM Policy - No Bid Specification Committee.		*To be investigated*	11 624 587	11 624 587
Non compliance with SCM Policy - SCM processes avoided.		*To be investigated*	284 416	284 416
			12 089 538	12 089 538

		2019 R	2018 R

47.3.1 Further instances of Irregular Expenditure that might have resulted from non-compliance with the supply chain management processes are under investigation to determine the full extent of the amount. These expenditure can be summarised as follows:

Incident		Disciplinary steps/criminal proceedings		
Non compliance with SCM Policy - Three quotations not obtained from suppliers		*To be investigated*	98 411	-
Non compliance with SCM Policy - No declarations of interest submitted (MDB 4)		*To be investigated*	10 083	-
Non compliance with SCM Policy - Procurement of goods split into parts		*To be investigated*	242 545	
Non compliance with SCM Policy - No Bid Specification Committee		*To be investigated*	2 478 361	
Non compliance with SCM Policy - Processes not followed		*To be investigated*	254 822	
Non compliance with SCM Policy - Section 32 appointments		*To be investigated*	1 265 933	
Non compliance with SCM Policy - Bid Adjudication Committee did not consist of at least 4 senior managers		*To be investigated*	135 130	
Non compliance with Supply Chain Management Policy - Preferential Procurement Policy Framework not applied.		*To be investigated*	382 068	-
Payments to councillors in excess of upper limits		*To be investigated*	117 738	-
Overtime not authorised		*To be investigated*	894 996	
			5 880 089	-

48. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

48.1 Contributions to organised local government - [MFMA 125 (1)(b)] - (SALGA CONTRIBUTIONS)

Opening balance	1 250 000	750 000
Council subscriptions	500 000	500 000
Amount paid - current year	-	-
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	**1 750 000**	**1 250 000**

48.2 Audit fees - [MFMA 125 (1)(c)]

Opening balance	2 485 064	4 732 403
Correction of prior period error	-	-
Restated opening balance	2 485 064	4 732 403
Current year audit fee	4 100 930	3 073 415
External Audit - Auditor-General	4 100 930	3 073 415
Internal Audit	-	-
Audit Committee	-	-
Amount paid - current year	(3 587 696)	(4 960 810)
Amount paid - previous year	-	(359 944)
Balance unpaid (included in creditors)	**2 998 298**	**2 485 064**

48.3 VAT - [MFMA 125 (1)(c)]

Opening balance	1 064 202	(72 190)
Correction of prior period error	-	-
Restated opening balance	1 064 202	(72 190)
Amounts received - previous year	(1 064 202)	-
Amounts received - current year	405 136	1 320 437
Amount paid - current year	(89 816)	(246 874)
Amount paid - previous year	-	62 829
Closing balance	**315 320**	**1 064 202**

VAT is payable on the receipt basis. Only once payment is received from the debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date throughout the year.

48.4 PAYE and UIF - [MFMA 125 (1)(c)]

Opening balance	257 159	215 544
Correction of prior period error	-	-
Restated opening balance	257 159	215 544
Current year payroll deductions	3 861 688	3 354 836
Amount paid - current year	(3 542 137)	(3 313 221)
Amount paid - previous year	(257 159)	-
Balance unpaid (included in creditors)	**319 551**	**257 159**

		2019 R	2018 R
48.5	**Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]**		
	Opening balance	486 738	283 456
	Correction of prior period error	-	-
	Restated opening balance	486 738	283 456
	Current year payroll deductions and Council Contributions	4 128 308	3 832 974
	Amount paid - current year	(3 781 873)	(3 348 193)
	Amount paid - previous year	(486 738)	(281 499)
	Balance unpaid (included in creditors)	**346 436**	**486 738**

48.6 **Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]**

The following Councillors had arrear accounts for more than 90 days as at 30 June 2019:

	Outstanding more than 90 days
P.A. van Heerden	9 343
S. Quincy	967
A.A. van Wyk	11 360
S. Brandt	15 504
B. Josop	8 586

48.7 **Disclosures in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27636 dated 30 May 2005**

Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36(1)(a) and (b)

30 June 2019

			Type of Deviation		
	Amount	Single Supplier	Impossible	Impractical	Emergency
July	-	-	-	-	-
August	-	-	-	-	-
September	-	-	-	-	-
October	-	-	-	-	-
November	-	-	-	-	-
December	-	-	-	-	-
January	-	-	-	-	-
February	-	-	-	-	-
March	-	-	-	-	-
April	-	-	-	-	-
May	-	-	-	-	-
June	-	-	-	-	-
	-	-	-	-	-

30 June 2018

			Type of Deviation		
	Amount	Single Supplier	Impossible	Impractical	Emergency
July	-	-	-	-	-
August	23 199	-	-	23 199	-
September	30 175	-	-	30 175	-
October	6 226	6 226	-	-	-
November	28 105	-	-	28 105	-
December	18 572	-	-	18 572	-
January	24 280	-	-	24 280	-
February	133 970	-	-	133 970	-
March	33 165	12 556	-	20 609	-
April	10 257	5 257	-	5 000	-
May	7 954	7 954	-	-	-
June	348 733	29 476	-	319 257	-
	664 636	61 469	-	603 167	-

48.8 **BROAD-BASED BLACK ECONOMIC EMPOWERMENT ACT**

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.

48.9 **Material losses**

Electricity distribution losses

Percentage lost during distribution	12.00%	10.71%
Distribution loss (Rand Value)	950 966	638 166

The reason for the increase in electricity losses is due to electricity theft on pre-paid meters and distribution losses

	2019 R	2018 R
Water distribution losses		
Percentage lost during distribution	58.00%	58.00%
Distribution loss (Rand Value)	2 721 695	3 196 540

Normal pipe bursts and field leakages are responsible for water losses.

49. FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price Risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

	2019 R	2018 R
The potential impact on the entity's surplus/(deficit) for the year due to changes in interest rates were as follow:		
1% (2018: 1%) Increase in interest rates	11 939	9 044
1% (2018: 1%) Decrease in interest rates	(11 939)	(9 044)

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.

Credit risk arises mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other receivables are disclosed net after provisions are made for impairment and bad debts. Trade receivables comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other receivables is considered to be moderate due the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

All rates and services are payable within 30 days from invoice date. Refer to note 7 and 8 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms.

	2019 %	2019 R	2018 %	2018 R
Non-exchange Receivables				
Rates	100.00%	4 192 156	100.00%	4 035 332
Exchange Receivables				
Electricity	3.47%	1 763 056	3.74%	1 583 099
Water	77.84%	39 579 787	77.17%	32 651 954
Property Rentals	0.42%	211 358	0.36%	153 662
Waste Management	8.67%	4 410 023	7.92%	3 350 185
Waste Water Management	9.20%	4 679 685	8.45%	3 574 360
Other	0.40%	203 628	2.36%	997 273
	100.00%	50 847 537	100.00%	42 310 533

No receivables are pledged as security for financial liabilities.

Due to short term nature of trade and other receivables the carrying value disclosed in note 7 and 8 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of receivables as follow:

	2019 %	2019 R	2018 %	2018 R
Non-exchange Receivables				
Rates	7.76%	4 078 982	8.84%	3 854 080
Exchange Receivables				
Services	92.24%	48 508 569	91.16%	39 739 987
	100.00%	52 587 551	100.00%	43 594 067

Ageing of amounts past due but not impaired are as follow:	Exchange Receivables	Non-exchange Receivables
2019		
1 month past due	1 276 262	94 211
2+ months past due	1 062 706	18 964
	2 338 968	113 175
2018		
1 month past due	938 408	734 115
2+ months past due	1 632 138	(552 864)
	2 570 546	181 251

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The banks utilised by the municipality for current and non-current investments are all listed on the JSE (Standard Bank Limited). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

Financial assets exposed to credit risk at year end are as follows:	2019 R	2018 R
Receivables from exchange transactions	50 847 537	42 310 533
Receivables from non-exchange transactions	5 163 041	4 217 481
Cash and Cash Equivalents	1 193 890	933 110
	57 204 469	47 461 124

(e) Liquidity Risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

2019	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
Long-term Liabilities	-	-	-	-
Trade and Other Payables	40 890 977	-	-	-
	40 890 977	-	-	-

2018	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
Long-term Liabilities	30 540	-	-	-
Trade and Other Payables	29 533 894	-	-	-
	29 564 434	-	-	-

50. FINANCIAL INSTRUMENTS

In accordance with GRAP104.45 the financial liabilities and assets of the municipality are classified as follows:

50.1 Financial Assets

	Classification	2019 R	2018 R
Receivables from Exchange Transactions			
Electricity	Financial Instruments at amortised cost	1 763 056	1 583 099
Water	Financial Instruments at amortised cost	39 579 787	32 651 954
Property Rentals	Financial Instruments at amortised cost	211 358	153 662
Waste Management	Financial Instruments at amortised cost	4 410 023	3 350 185
Waste Water Management	Financial Instruments at amortised cost	4 679 685	3 574 360
Other Arrears	Financial Instruments at amortised cost	203 628	997 273
Cash and Cash Equivalents			
Bank Balances	Financial Instruments at amortised cost	258 287	84 600
Call Deposits	Financial Instruments at amortised cost	935 603	848 510
Total Financial Assets		**52 041 427**	**43 243 643**

SUMMARY OF FINANCIAL ASSETS

Financial Instruments at amortised cost:			
Receivables from Exchange Transactions	Electricity	1 763 056	1 583 099
Receivables from Exchange Transactions	Water	39 579 787	32 651 954
Receivables from Exchange Transactions	Property Rentals	211 358	153 662
Receivables from Exchange Transactions	Waste Management	4 410 023	3 350 185
Receivables from Exchange Transactions	Waste Water Management	4 679 685	3 574 360
Receivables from Exchange Transactions	Other Arrears	203 628	997 273
Cash and Cash Equivalents	Bank Balances	258 287	84 600
Cash and Cash Equivalents	Call Deposits	935 603	848 510
Total Financial Assets		**52 041 427**	**43 243 643**

50.2 Financial Liabilities

	Classification		
Long-term Liabilities			
Capitalised Lease Liability	Financial Instruments at amortised cost	-	28 688
Trade and Other Payables			
Trade Payables	Financial Instruments at amortised cost	33 433 189	23 672 223
Advance Payments	Financial Instruments at amortised cost	121 527	139 933
Control, Clearing and Interface Accounts	Financial Instruments at amortised cost	830 081	892 675
Other Payables	Financial Instruments at amortised cost	663 693	452 375
Retentions	Financial Instruments at amortised cost	806 355	280 344
		35 854 846	25 466 239

SUMMARY OF FINANCIAL LIABILITIES

Financial instruments at amortised cost:			
Long-term Liabilities	Capitalised Lease Liability	-	28 688
Trade and Other Payables	Trade Payables	33 433 189	23 672 223
Trade and Other Payables	Advance Payments	121 527	139 933
Trade and Other Payables	Control, Clearing and Interface Accounts	830 081	892 675
Trade and Other Payables	Other Payables	663 693	452 375
Trade and Other Payables	Retentions	806 355	280 344
		35 854 846	**25 466 239**

		2019 R	2018 R
51.	**STATUTORY RECEIVABLES**		
	In accordance with the principles of GRAP 108, Statutory Receivables of the municipality are classified as follows:		
	Taxes		
	VAT Receivable	314 902	-
	Receivables from Non-Exchange Transactions	4 192 156	4 035 332
	Rates	4 192 156	4 035 332
	Total Statutory Receivables (before provision)	**4 507 058**	**4 035 332**
	Less: Provision for Debt Impairment	(4 070 014)	(3 845 113)
	Total Statutory Receivables (after provision)	**437 044**	**190 219**
	Statutory Receivables arises from the following legislation:		
	Taxes - Value Added Tax Act (No 89 of 1991) Rates - Municipal Properties Rates Act (No 6 of 2004)		
	(Rates): Ageing		
	Current (0 - 30 days)	242 951	105 681
	31 - 60 Days	94 211	734 115
	61 - 90 Days	75 094	53 973
	+ 90 Days	3 779 900	3 141 562
	Total	**4 192 156**	**4 035 332**
	Reconciliation of Provision for Debt Impairment		
	Balance at beginning of year	3 845 113	2 098 038
	Contribution to provision	224 901	1 747 075
	Reversal of provision	-	8 968
	Balance at end of year	**4 070 014**	**3 845 113**
	Ageing of amounts past due but not impaired:		
	1 month past due	94 211	734 115
	2+ months past due	18 964	(552 864)
		113 175	**181 251**
	Interest Received from Statutory Receivables		
	Taxes	358 180	296 795
		358 180	296 795
	Interest is levied at a rate determined by the council on outstanding rates amounts.		
52.	**IN-KIND DONATIONS AND ASSISTANCE**		
	The municipality did not receive any in-kind donations or assistance during the year under review.		
53.	**PRIVATE PUBLIC PARTNERSHIPS**		
	Council has not entered into any private public partnerships during the financial year.		
54.	**CONTINGENT LIABILITY**		
	Council has the following contingent liability at the end of the financial year 2018/19:		
	The Municipality has the following claims against them in terms of the Fencing Act:		
	AMJ Roux	135 000	135 000
		135 000	135 000

55. RELATED PARTIES

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

55.1 Related Party Transactions

Year ended 30 June 2019	Rates	Service Charges	Other	Interest	Outstanding Balance	Travelling
Councillors						
SS Brandt	6 170	5 764	-	1 617	18 946	9 282
AA van Wyk	-	5 445	-	1 104	14 106	16 459
S April	253	11 520	-	-	1 784	5 592
PA van Heerden	-	6 420	-	965	11 731	168 548
B. Josop	-	4 925	-	590	10 245	51 358
S Quincy	-	4 523	-	70	2 593	5 250
EP Cloete	-	-	-	-	-	63 188
	6 423	**38 597**	**-**	**4 346**	**59 404**	**319 677**
Municipal Manager and Section 57 Employees						
OJ Isaacs	-	-	-	-	-	127 689
PJ van der Merwe	7 178	11 344	-	6	2 850	9 024
	7 178	**11 344**	**-**	**6**	**2 850**	**136 713**

Year ended 30 June 2018	Rates	Service Charges	Other	Interest	Outstanding Balance	Travelling
Councillors						
SS Brandt	5 499	10 518	1 590	-	16 068	8 831
AA van Wyk	-	5 047	1 265	-	15 256	11 154
S April	239	11 345	-	-	770	5 342
PA van Heerden	-	5 891	1 115	-	13 346	118 294
AS Rooi	-	-	-	-	-	43 231
S Quincy	-	3 905	22	-	-	6 111
EP Cloete	-	-	-	-	-	50 339
	5 738	**36 706**	**3 992**	**-**	**45 440**	**243 302**
Municipal Manager and Section 57 Employees						
OJ Isaacs	-	-	-		-	125 780
PJ van der Merwe	6 775	5 157	39		1 286	8 299
	6 775	**5 157**	**39**	**-**	**1 286**	**134 079**

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

Related party relationship

Councilors and management comprises of those persons responsible for planning, directing and controlling the activities of the Municipality.

55.2 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted.

55.3 Compensation of key management personnel

The compensation of key management personnel is set out in note 30 to the Annual Financial Statements.

55.4 Current Employee Benefits

The Municipality has the following current employee benefit obligations and made other non-Employee Related Cost payments towards senior management on :

Year ended 30 June 2019

Name	Position	Staff Leave Obligations	Staff Bonus Obligations	Travel and Subsistence paid
O.J. Isaacs	Municipal Manager	-	-	127 689
P.J. van der Merwe	Chief Financial Officer	-	31 659	9 024
Vacant	Head: Technical Services	-	-	-
Vacant	Head: Corporate Services	-	-	-
		-	**31 659**	**136 713**

The Municipality has the following current employee benefit obligations and made other non-Employee Related Cost payments towards senior management on :

Year ended 30 June 2018

Name	Position	Staff Leave Obligations	Staff Bonus Obligations	Travel and Subsistence paid
O.J. Isaacs	Municipal Manager	181 910	-	125 780
P.J. van der Merwe	Chief Financial Officer	-	29 588	8 299
Vacant	Head: Technical Services	-	-	-
Vacant	Head: Corporate Services	-	-	-
		181 910	**29 588**	**134 079**

The comparative information relating to current employee benefits, travel and subsistence and provision for debt impairment have been restated due to an error identified in the financial statements regarding amounts disclosed 30 June 2018.

		2019 R	2018 R
55.5	**Other related party transactions**		

The following purchases were made during the year where Councillors or staff have an interest:

Company Name	Related Party	Service Capacity	Relationship		
April Konstruksie (Pty) Ltd	A van Wyk	Councillor	A van Wyk is a director of a related company J2K Construction (Pty) Ltd	18 000	-
				18 000	**-**

56. FINANCIAL SUSTAINABILITY

The extremely high cost associated with the Delivery of Basic Services and Infrastructure needs to communities due to the vast distances between several settlements coupled with the social-economic profile (high unemployment rate) of Khai-Ma communities resulted in a serous risk for Khai-Ma Municipality's going concern.

Unless sustainable job creation is achieved, Khai-Ma Municipality will not be able to function as a going concern without Government Grants and Subsidies.

The municipality is experiencing difficultly to settle its current liabilities as its net current asset position is insufficient. The current liabilities exceeds the current assets with R46 014 321 (2018: R42 726 365).

The municipality have budgeted for a operating deficit of R13 592 305 for the 2019/2020 financial year, and R14 308 750 and R14 933 346 for the 2020/2021 and 2021/2022 years respectively. The municipality has also budgeting for negative cash flows of R19 523 228 during 2019/2020, and R18 596 577 and R14 258 280 for 2020/2021 and 2021/2022 respectively.

The municipality has adjusted their budget during October 2019 and budgeted for a operating profit of R11 672 000 for the 2019/2020 financial year, and R10 029 000 and R11 248 000 for the 2020/2021 and 2021/2022 years respectively. The municipality has also budgeting for positive cash flows of R45 000 during 2019/2020, and R4 412 000 and R9 551 000 for 2020/2021 and 2021/2022 respectively.

In spite of aforementioned, management has prepared the Annual Financial Statements on the Going Concern Basis.

57. EVENTS AFTER REPORTING PERIOD

No events after the reporting date were identified by management that will effect the operations of the municipality or the results of those operations significantly.

APPENDIX A
KHAI-MA MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2019

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 June 2018	Correction of Error	Received during the period	Redeemed written off during the period	Balance at 30 June 2019
LEASE LIABILITY								
Office Equipment	Various	Various	30/06/2019	28 688	-	-	(28 688)	-
Total Lease Liabilities				28 688	-	-	(28 688)	-
TOTAL EXTERNAL LOANS				28 688	-	-	(28 688)	-

APPENDIX B
KHAI-MA MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2018 Actual Income R	2018 Actual Expenditure R	2018 Surplus/ (Deficit) R		2019 Actual Income R	2019 Actual Expenditure R	2019 Surplus/ (Deficit) R
			Governance and Administration			
16 391 010	(7 605 873)	8 785 136	Executive and council	17 444 416	(7 665 174)	9 779 242
13 115 782	(16 175 854)	(3 060 072)	Finance and administration	12 170 878	(15 537 234)	(3 366 356)
-	-	-	Internal audit	-	-	-
			Community and Public Safety			
813 049	(1 373 619)	(560 570)	Community and social services	698 546	(1 774 381)	(1 075 836)
3 343 792	(419 021)	2 924 770	Sport and recreation	2 126 044	(310 667)	1 815 377
-	-	-	Public safety	-	-	-
-	-	-	Housing	-	-	-
-	-	-	Health	-	-	-
			Economic and Environmental Services			
-	(842 954)	(842 954)	Planning and development	-	(907 992)	(907 992)
1 238 025	(2 233 618)	(995 592)	Road transport	46 663	(1 506 855)	(1 460 193)
-	-	-	Environmental protection	-	-	-
			Trading Services			
8 628 536	(15 940 066)	(7 311 530)	Energy sources	10 020 356	(13 634 960)	(3 614 604)
21 925 637	(11 718 170)	10 207 467	Water management	17 813 990	(18 201 036)	(387 046)
1 538 331	(2 680 952)	(1 142 621)	Waste water management	4 075 437	(2 587 555)	1 487 881
1 324 656	(8 282 321)	(6 957 664)	Waste management	1 531 064	(7 339 970)	(5 808 906)
-	-	-	**Other**	-	-	-
68 318 819	(67 272 449)	1 046 370	Sub Total	65 927 393	(69 465 825)	(3 538 432)
-	-	-	Less Inter-Departmental Charges	-	-	-
68 318 819	(67 272 449)	1 046 370	**Total**	65 927 393	(69 465 825)	(3 538 432)

APPENDIX C
KHAI-MA MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019
MUNICIPAL VOTES CLASSIFICATIONS

2018 Actual Income R	2018 Actual Expenditure R	2018 Surplus/ (Deficit) R		2019 Actual Income R	2019 Actual Expenditure R	2019 Surplus/ (Deficit) R
			Municipal Manager			
1 486 000	(4 410 863)	(2 924 863)	Council and General	1 618 476	(4 274 678)	(2 656 202)
14 905 010	(3 195 011)	11 709 999	Municipal Manager	15 833 416	(3 397 972)	12 435 444
			Finance			
6 505 593	(4 748 850)	1 756 743	Chief Financial Officer	4 949 341	(6 311 707)	(1 362 366)
5 350 161	(1 755 683)	3 594 477	Assessment Rates	5 668 743	(777 554)	4 891 189
-	-	-	Internal Auditor	-	-	-
-	(463 481)	(463 481)	Other Subsidies	-	(507 097)	(507 097)
213 825	(1 421 519)	(1 207 694)	Property Services	43 003	-	43 003
335 323	(59 280)	276 043	Vehicle Licencing and Testing	286 590	(77 623)	208 967
			Corporate Services			
263	(170 355)	(170 092)	Cemetery	-	(200 804)	(200 804)
1 046 204	(7 930 545)	(6 884 341)	Corporate Services	1 509 792	(7 984 617)	(6 474 826)
-	(5 600)	(5 600)	Disaster Management	-	(9 125)	(9 125)
-	-	-	Health	-	-	-
812 786	(1 174 338)	(361 551)	Library	708 000	(1 564 452)	(856 452)
-	(319 256)	(319 256)	Municipal and Public Buildings	-	(174 244)	(174 244)
-	-	-	Public Works	-	(289 112)	(289 112)
-	-	-	Traffic	-	-	-
			Infrastructure Development			
8 628 536	(15 476 585)	(6 848 048)	Electricity	10 020 356	(13 127 863)	(3 107 507)
3 343 792	(419 021)	2 924 770	Parks and Recreation	2 126 044	(310 667)	1 815 377
1 324 656	(8 282 321)	(6 957 664)	Refuse	1 531 064	(7 339 970)	(5 808 906)
902 702	(2 174 338)	(1 271 636)	Roads	(239 928)	(1 429 232)	(1 669 160)
1 538 331	(2 680 952)	(1 142 621)	Sewerage	4 075 437	(2 587 555)	1 487 881
-	(23 326)	(23 326)	Television	(9 454)	(0)	(9 454)
21 925 637	(11 718 170)	10 207 467	Water	16 642 261	(17 029 307)	(387 046)
			Economic Development			
-	-	-	Housing	-	-	-
-	(842 954)	(842 954)	IDP/LED	-	(907 992)	(907 992)
-	-	-	Tourism	-	-	-
-	-	-	Town Planning	-	-	-
68 318 819	(67 272 449)	1 046 370	Sub Total	64 763 140	(68 301 572)	(3 538 432)
-	-	-	Less Inter-Departmental Charges	-	-	-
68 318 819	(67 272 449)	1 046 370	**Total**	64 763 140	(68 301 572)	(3 538 432)

APPENDIX D
KHAI-MA MUNICIPALITY

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES, INTANGIBLE ASSETS, BIOLOGICAL ASSETS AND HERITAGE ASSETS AS AT 30 JUNE 2019
GENERAL FINANCE STATISTICS CLASSIFICATION

	Cost/Revaluation						Accumulated Depreciation						Carrying Value
	Opening Balance	Correction of Error	Additions	Transfers	Disposals/ Impairment	Closing Balance	Opening Balance	Correction of Error	Depreciation	Transfers	Disposals/ Impairment	Closing Balance	
Executive and council	2 529 037	378 185	153 303	-	(89 955)	2 970 571	1 413 186	(233 213)	491 610	-	(89 311)	1 582 272	1 388 298
Finance and administration	62 613 811	-	-	(914 200)	(90 819)	61 608 792	8 585 566	(614 085)	963 580	-	(21 663)	8 913 399	52 695 393
Internal audit	-	-	-	-	-	-	-	-	-	-	-	-	-
Community and social services	909 518	-	-	-	-	909 518	326 884	1 030	65 444	-	-	393 358	516 160
Sport and recreation	7 380 363	-	2 535 959	-	(2 400)	9 913 922	1 749 415	(484 304)	204 432	-	(2 132)	1 467 411	8 446 511
Public safety	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	-	-	-	-
Planning and development	-	-	-	-	-	-	-	-	-	-	-	-	-
Road transport	22 871 680	-	-	(347 096)	-	22 524 584	10 576 383	(39 048)	619 627	-	-	11 156 962	11 367 622
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	-	-
Water management	36 309 471	-	7 088 950	-	(30 616)	43 367 805	11 276 980	(59 836)	705 026	-	(25 122)	11 897 047	31 470 758
Waste water management	8 003 638	-	2 407 553	-	-	10 411 191	5 515 222	(13 191)	79 377	-	-	5 581 408	4 829 783
Waste management	15 920 012	-	-	-	(39 261)	15 880 751	12 019 776	(5 656 310)	4 166 131	-	(39 261)	10 490 335	5 390 416
Electricity	9 757 839	-	1 483 459	-	(1 063)	11 240 236	5 285 298	16 652	133 314	-	(1 063)	5 434 202	5 806 035
	166 295 369	378 185	13 669 224	(1 261 296)	(254 113)	178 827 370	56 748 710	(7 082 305)	7 428 540	-	(178 551)	56 916 394	121 910 976

APPENDIX E

KHAI-MA MUNICIPALITY

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 30 June 2018	Correction of Error	Restated Balance 30 June 2018	Contributions during the year	Interest on Investments	Repaid to National Revenue Fund	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 June 2019	Unspent 30 June 2019 (Creditor)	Unpaid 30 June 2019 (Debtor)
National Government Grants											
Equitable Share	-	-	-	17 394 416	-	-	(17 394 416)	-	-	-	-
Finance Management Grant	-	-	-	1 970 000	-	-	(1 970 000)	-	(0)	-	(0)
Municipal System Improvement Grant	212 118	-	212 118	-	-	-	-	-	212 118	212 118	-
Municipal Infrastructure Grant	1 771 207	-	1 771 207	7 712 000	-	(1 771 207)	(1 002 221)	(6 709 779)	-	-	-
Integrated National Electrification Grant	17 532	-	17 532	1 650 000	-	(17 532)	-	(1 070 825)	579 175	579 175	-
Expanded Public Works Programme	97 298	-	97 298	1 000 000	-	(97 298)	(1 000 000)	-	-	-	-
Water Services Infrastructure Grant	1 013 775	-	1 013 775	5 000 000	-	(486 379)	-	(5 081 517)	445 879	445 879	-
Total National Government Grants	**3 111 930**	**-**	**3 111 930**	**34 726 416**	**-**	**(2 372 416)**	**(21 366 637)**	**(12 862 121)**	**1 237 172**	**1 237 172**	**(0)**
Provincial Government Grants											
Library	54 214	-	54 214	708 000	-	-	(708 000)	-	54 214	54 214	-
Total Provincial Government Grants	**54 214**	**-**	**54 214**	**708 000**	**-**	**-**	**(708 000)**	**-**	**54 214**	**54 214**	**-**
District Municipality											
ABC DM	-	-	-	-	-	-	-	-	-	-	-
list	-	-	-	-	-	-	-	-	-	-	-
Total District Municipality Grants	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other Grant Providers											
LG SETA	49 753	-	49 753	43 783	-	-	-	-	93 535	93 535	-
Vedanta	-	-	-	130 000	-	-	(50 000)	-	80 000	80 000	-
Total Other Grant Providers	**49 753**	**-**	**49 753**	**173 783**	**-**	**-**	**(50 000)**	**-**	**173 535**	**173 535**	**-**
Total Grants	3 215 896	-	3 215 896	35 608 199	-	(2 372 416)	(22 124 637)	(12 862 121)	1 464 921	1 464 921	(0)

The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received. No grants were withheld.

KHAI-MA - Reconciliation of Table A1 Budget Summary

Description	2018/19								2017/18			
R thousands	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Financial Performance												
Property rates	5 066	204	5 270	5 311		(40)	0	0				5 053
Service charges	17 734	(377)	17 356	12 674		4 682	0	0				12 427
Investment revenue	187	–	187	232		(45)	0	0				214
Transfers recognised - operational	179	–	179	174		5	0	0				243
Other own revenue	24 441	728	25 169	33 510		(8 341)	0	0				32 944
Total Revenue (excluding capital transfers and contributions)	**47 606**	**555**	**48 161**	**51 901**	–	**(3 740)**	**0**	**0**				**50 880**
Employee costs	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	20 585
Remuneration of councillors	28 125	(1 131)	26 994	21 030	–	5 963	0	0	–	–	–	2 662
Debt impairment	3 241	(218)	3 023	2 594	–	429	0	0	–	–	–	8 896
Depreciation & asset impairment	4 996	–	4 996	7 850	–	(2 853)	0	0	–	–	–	9 265
Finance charges	3 008	862	3 871	7 429	–	(3 558)	0	0	–	–	–	3 533
Materials and bulk purchases	14 791	1 000	15 791	14 069	–	1 722	0	0	–	–	–	11 010
Transfers and grants	4 252	646	4 898	3 303	–	1 595	0	0	–	–	–	–
Other expenditure	10 671	49	10 720	11 952	–	(1 232)	0	0	–	–	–	11 441
Total Expenditure	**69 085**	**1 207**	**70 292**	**68 226**	–	**2 066**	**0**	**0**	–	–	–	**67 390**
Surplus/(Deficit)	**(21 479)**	**(652)**	**(22 131)**	**(16 325)**	–	**(5 806)**	**0**	**0**				**(16 510)**
Transfers recognised - capital	(21 479)	(652)	(22 131)	(16 401)		(5 730)	0	0				17 556
Contributions recognised - capital & contributed assets	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Surplus/(Deficit) after capital transfers & contributions	**(42 958)**	**(1 304)**	**(44 262)**	**(32 726)**	–	**(11 536)**	**0**	**0**				**1 046**
Share of surplus/ (deficit) of associate	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Surplus/(Deficit) for the year	**(42 958)**	**(1 304)**	**(44 262)**	**(32 726)**	–	**(11 536)**	**0**	**0**				**1 046**
Capital expenditure & funds sources												
Capital expenditure												
Transfers recognised - capital	27 356	6 527	33 883	12 862		21 021	0	0				17 556
Public contributions & donations	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Borrowing	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Internally generated funds	150	51	201	(14 378)		14 578	(0)	(0)				4 720
Total sources of capital funds	**27 506**	**6 578**	**34 084**	**(1 515)**	–	**35 599**	**(0)**	**(0)**				**–**
Cash flows												
Net cash from (used) operating	26 496	6 171	32 668	13 937		18 731	0	0				9 784
Net cash from (used) investing	(27 506)	(6 578)	(34 084)	(13 669)		(20 415)	0	0				(15 443)
Net cash from (used) financing	(23)	(0)	(23)	(7)		(17)	0	0				5
Cash/cash equivalents at the year end	**1 223**	**(406)**	**817**	**1 194**		**(377)**	**0**	**0**				**–**

KHAI-MA - Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Description	2018/19								2017/18			
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Revenue - Standard												
Governance and administration	**25 100**	**304**	**25 405**	**29 615**		**(4 211)**	**116.6%**	**118.0%**				**29 507**
Executive and council	17 420	–	17 420	17 444		(24)	100.1%	100.1%				16 391
Finance and administration	7 680	(90)	7 590	12 171		(4 581)	160.3%	158.5%				13 116
Internal audit	–	394	394	–		394	0.0%	#DIV/0!				–
Community and public safety	**3 433**	**(102)**	**3 331**	**2 825**		**506**	**84.8%**	**82.3%**				**4 157**
Community and social services	721	–	721	699		22	96.9%	96.9%				813
Sport and recreation	2 712	(102)	2 610	2 126		484	81.4%	78.4%				3 344
Public safety	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Housing	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Health	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Economic and environmental services	**296**	**45**	**342**	**47**		**295**	**13.7%**	**15.7%**				**1 238**
Planning and development	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Road transport	296	45	342	47		295	13.7%	15.7%				1 238
Environmental protection	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Trading services	**46 133**	**7 835**	**53 967**	**33 441**		**20 526**	**62.0%**	**72.5%**				**33 417**
Electricity	10 783	(473)	10 310	10 020		289	97.2%	92.9%				8 629
Water	23 742	14 363	38 105	17 814		20 291	46.7%	75.0%				21 926
Waste water management	10 288	(6 185)	4 103	4 075		27	99.3%	39.6%				1 538
Waste management	1 320	130	1 450	1 531		(81)	105.6%	116.0%				1 325
Other	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Total Revenue - Standard	**74 962**	**8 083**	**83 045**	**65 927**		**17 117**	**79.4%**	**87.9%**				**68 319**

KHAI-MA - Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Description	2018/19								2017/18			
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Expenditure - Standard												
Governance and administration	**27 259**	**2 094**	**29 353**	**23 202**	–	–	**0.0%**	**0.0%**	–	–	–	**23 782**
Executive and council	8 617	(13)	8 604	7 665	–	939	89.1%	89.0%	–	–	–	7 606
Finance and administration	18 642	(10 497)	8 145	15 537	–	(7 392)	190.8%	83.3%	–	–	–	16 176
Internal audit	–	12 604	12 604	–	–	12 604	0.0%	#DIV/0!	–	–	–	–
Community and public safety	**2 797**	**(94)**	**2 703**	**2 085**	–	–	**0.0%**	**0.0%**	–	–	–	**1 793**
Community and social services	2 154	(54)	2 099	1 774	–	325	84.5%	82.4%	–	–	–	1 374
Sport and recreation	644	(40)	604	311	–	293	51.4%	48.3%	–	–	–	419
Public safety	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Housing	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Health	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Economic and environmental services	**4 049**	**(681)**	**3 368**	**2 415**	–	–	**0.0%**	**0.0%**	–	–	–	**3 077**
Planning and development	1 660	(157)	1 504	908	–	596	60.4%	54.7%	–	–	–	843
Road transport	2 389	(525)	1 864	1 507	–	357	80.8%	63.1%	–	–	–	2 234
Environmental protection	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Trading services	**34 979**	**(111)**	**34 868**	**41 764**	–	–	**0.0%**	**0.0%**	–	–	–	**38 622**
Electricity	13 226	266	13 491	13 635	–	(144)	101.1%	103.1%	–	–	–	15 940
Water	13 303	1 702	15 005	18 201	–	(3 196)	121.3%	136.8%	–	–	–	11 718
Waste water management	4 186	(1 543)	2 643	2 588	–	55	97.9%	61.8%	–	–	–	2 681
Waste management	4 264	(536)	3 728	7 340	–	(3 612)	196.9%	172.1%	–	–	–	8 282
Other	–	–	–	–	–	–	**0.0%**	**0.0%**	–	–	–	–
Total Expenditure - Standard	**69 085**	**1 207**	**70 292**	**69 466**	–	–	**0.0%**	**0.0%**	–	–	–	**67 272**
Surplus/(Deficit) for the year	**5 877**	**6 875**	**12 753**	**(3 538)**	–	–	**0.0%**	**0.0%**	–	–	–	**1 046**

KHAI-MA - Reconciliation of Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	2018/19								2017/18			
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Revenue by Vote												
Vote 1 - Municipal Manager	17 420	–	17 420	17 452		(32)	100.2%	100.2%				16 391
Vote 2 - Finance	7 769	598	8 367	10 948		(2 581)	130.8%	140.9%				12 405
Vote 3 - Corporate Services	928	(220)	708	2 218		(1 510)	313.1%	238.9%				1 859
Vote 4 - Infrastructure Development	48 845	7 705	56 550	34 146		22 404	60.4%	69.9%				37 664
Vote 5 - Economic Development	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Total Revenue by Vote	**74 962**	**8 083**	**83 045**	**64 763**		**18 281**	**78.0%**	**86.4%**				**68 319**
Expenditure by Vote ***to be appropriated***												
Vote 1 - Municipal Manager	8 617	(13)	8 604	7 673	–	931	89.2%	89.0%	–	–	–	7 606
Vote 2 - Finance	12 463	(3 651)	8 813	7 674	–	1 139	87.1%	61.6%	–	–	–	8 449
Vote 3 - Corporate Services	8 335	4 019	12 354	10 222	–	2 132	82.7%	122.6%	–	–	–	9 600
Vote 4 - Infrastructure Development	38 009	1 009	39 018	41 825	2 807	(2 807)	107.2%	110.0%	–	–	–	40 775
Vote 5 - Economic Development	1 660	(157)	1 504	908	–	596	60.4%	54.7%	–	–	–	843
Total Expenditure by Vote	**69 085**	**1 207**	**70 292**	**68 302**	**–**	**1 990**	**97.2%**	**98.9%**	**–**	**–**	**–**	**67 272**
Surplus/(Deficit) for the year	**5 877**	**6 875**	**12 753**	**(3 538)**		**16 291**	**-27.7%**	**-60.2%**				**1 046**

KHAI-MA - Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	2018/19								2017/18			
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Revenue By Source												
Property rates	5 066	204	5 270	5 311		(40)	100.8%	104.8%				5 053
Service charges - electricity revenue	9 016	(476)	8 540	8 305		235	97.2%	92.1%				7 495
Service charges - water revenue	6 584	(267)	6 317	1 778		4 539	28.2%	27.0%				2 546
Service charges - sanitation revenue	1 043	266	1 309	1 381		(72)	105.5%	132.4%				1 291
Service charges - refuse revenue	1 091	100	1 191	1 210		(20)	101.7%	111.0%				1 094
Rental of facilities and equipment	187	–	187	232		(45)	124.2%	124.2%				214
Interest earned - external investments	200	–	200	293		(93)	146.7%	146.7%				660
Interest earned - outstanding debtors	1 996	1 680	3 676	3 764		(88)	102.4%	188.5%				3 182
Dividends received	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Fines	42	35	77	68		9	88.3%	161.7%				55
Licences and permits	72	10	82	41		41	50.2%	57.4%				34
Agency services	179	–	179	174		5	97.3%	97.3%				243
Transfers recognised - operational	22 104	(1 000)	21 104	22 125		(1 021)	104.8%	100.1%				20 461
Other revenue	27	3	30	7 218		(7 189)	24418.2%	27176.1%				8 552
Gains on disposal of PPE	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Total Revenue (excluding capital transfers and contributions)	**47 606**	**555**	**48 161**	**51 901**		**(3 740)**	**107.8%**	**109.0%**				**50 880**
Expenditure By Type												
Employee related costs	28 125	(1 131)	26 994	21 030	–	5 963	77.9%	74.8%	–	–	–	20 585
Remuneration of councillors	3 241	(218)	3 023	2 594	–	429	85.8%	80.0%	–	–	–	2 662
Debt impairment	4 996	–	4 996	7 850	–	(2 853)	157.1%	157.1%	–	–	–	8 896
Depreciation & asset impairment	3 008	862	3 871	7 429	–	(3 558)	191.9%	246.9%	–	–	–	9 265
Finance charges	1 533	600	2 133	3 858	–	(1 725)	180.9%	251.7%	–	–	–	3 533
Bulk purchases	13 258	400	13 658	10 211	–	3 447	74.8%	77.0%	–	–	–	9 198
Other materials	5 271	(2 351)	2 920	1 562	–	1 359	53.5%	29.6%	–	–	–	1 812
Contracted services	4 252	646	4 898	3 303	–	1 595	67.4%	77.7%	–	–	–	2 037
Transfers and grants	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Other expenditure	5 400	2 400	7 799	10 390	–	(2 591)	133.2%	192.4%	–	–	–	9 398
Loss on disposal of PPE	–	–	–	76	–	(76)	#DIV/0!	#DIV/0!	–	–	–	6
Total Expenditure	**69 085**	**1 207**	**70 292**	**68 302**	**–**	**1 990**	**97.2%**	**98.9%**	**–**	**–**	**–**	**67 390**

KHAI-MA - Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	2018/19								2017/18			
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Surplus/(Deficit)	**(21 479)**	**(652)**	**(22 131)**	**(16 401)**		**(5 730)**	**74.1%**	**76.4%**				**(16 510)**
Transfers recognised - capital	27 356	7 527	34 883	12 862		22 021	36.9%	47.0%				17 556
Contributions recognised - capital	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Contributed assets	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Surplus/(Deficit) after capital transfers & contributions	**5 877**	**6 875**	**12 753**	**(3 538)**		**16 291**	**-27.7%**	**-60.2%**				**1 046**
Taxation	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Surplus/(Deficit) after taxation	**5 877**	**6 875**	**12 753**	**(3 538)**		**16 291**	**-27.7%**	**-60.2%**				**1 046**
Attributable to minorities	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Surplus/(Deficit) attributable to municipality	**5 877**	**6 875**	**12 753**	**(3 538)**		**16 291**	**-27.7%**	**-60.2%**				**1 046**
Share of surplus/ (deficit) of associate	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Surplus/(Deficit) for the year	**5 877**	**6 875**	**12 753**	**(3 538)**		**16 291**	**-27.7%**	**-60.2%**				**1 046**

KHAI-MA - Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	2018/19								2017/18			
R thousand	Original Budget	Total Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Capital expenditure - Vote												
Multi-year expenditure												
Vote 1 - Municipal Manager	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Vote 2 - Finance	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Vote 3 - Corporate Services	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Vote 4 - Infrastructure Development	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Vote 5 - Economic Development	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Capital multi-year expenditure	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Single-year expenditure									–	–	–	–
Vote 1 - Municipal Manager	150	51	201	99	–	102	49%	66%	–	–	–	120
Vote 2 - Finance	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Vote 3 - Corporate Services	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Vote 4 - Infrastructure Development	27 356	6 527	33 883	13 570	–	20 313	40%	50%	–	–	–	22 156
Vote 5 - Economic Development	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Capital single-year expenditure	27 506	6 578	34 084	13 669	–	20 415	#DIV/0!	#DIV/0!	–	–	–	22 277
Total Capital Expenditure - Vote	27 506	6 578	34 084	13 669	–	20 415	#DIV/0!	#DIV/0!	–	–	–	22 277

KHAI-MA - Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description R thousand	2018/19								2017/18			
	Original Budget	Total Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Capital Expenditure - Standard												
Governance and administration	150	51	201	(1 095)	–	1 295	#DIV/0!	#DIV/0!	–	–	–	120
Executive and council	150	51	201	(90)	–	290	(0)	(0)	–	–	–	120
Finance and administration	–	–	–	(1 005)	–	1 005	#DIV/0!	#DIV/0!	–	–	–	–
Internal audit	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Community and public safety	2 358	252	2 610	(2)	–	2 613	#DIV/0!	#DIV/0!	–	–	–	2 959
Community and social services	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Sport and recreation	2 358	252	2 610	(2)	–	2 613	(0)	(0)	–	–	–	2 959
Public safety	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Housing	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Health	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Economic and environmental services	–	–	–	(347)	–	347	#DIV/0!	#DIV/0!	–	–	–	113
Planning and development	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Road transport	–	–	–	(347)	–	347	#DIV/0!	#DIV/0!	–	–	–	113
Environmental protection	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Trading services	24 998	6 275	31 273	(71)	–	31 344	#DIV/0!	#DIV/0!	–	–	–	19 084
Electricity	1 650	–	1 650	(1)	–	1 651	(0)	(0)	–	–	–	199
Water	14 348	12 776	27 124	(31)	–	27 154	(0)	(0)	–	–	–	12 051
Waste water management	9 000	(6 501)	2 499	–	–	2 499	–	–	–	–	–	–
Waste management	–	–	–	(39)	–	39	#DIV/0!	#DIV/0!	–	–	–	6 834
Other	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Total Capital Expenditure - Standard	27 506	6 578	34 084	(1 515)	–	35 599	#DIV/0!	#DIV/0!	–	–	–	22 277
Funded by:		–				–	#DIV/0!	#DIV/0!				
National Government	18 356	(4 473)	13 883	12 862	–	1 021	0	0	–	–	–	17 556
Provincial Government	9 000	11 000	20 000	–	–	20 000	–	–	–	–	–	–
District Municipality	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Other transfers and grants	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Transfers recognised - capital	27 356	6 527	33 883	12 862	–	21 021	#DIV/0!	#DIV/0!	–	–	–	17 556
Public contributions & donations	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Borrowing	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Internally generated funds	150	51	201	(14 378)	–	14 578	(0)	(0)	–	–	–	4 720
Total Capital Funding	27 506	6 578	34 084	(1 515)	–	35 599	#DIV/0!	#DIV/0!	–	–	–	22 277

KHAI-MA - Reconciliation of Table A7 Budgeted Cash Flows

Description	2018/19							2017/18
R thousand	Original Budget	Budget Adjustments (i.t.o. s28)	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	1	2	3	4	5	600.00%	700.00%	8
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Property rates, peanalties and collection charges	4 504	(288)	4 216	5 538	(4 504)	131.35%	122.96%	3 886
Service charges	13 549	(2 723)	10 826	12 852	(13 549)	118.71%	94.85%	11 109
Other revenue	462	(243)	220	2 754	(462)	1254.17%	595.94%	5 194
Government - operating	22 104	–	22 104	18 874	(22 104)	85.39%	85.39%	17 879
Government - capital	27 356	6 527	33 883	14 362	(27 356)	42.39%	52.50%	13 825
Interest	1 725	768	2 493	293	(1 725)	11.77%	17.01%	660
Dividends		–		–	–	#DIV/0!	#DIV/0!	–
Payments								
Suppliers and employees	(43 205)	2 130	(41 075)	(38 866)	43 205	94.62%	89.96%	(41 107)
Finance charges		–		(1 870)	–	#DIV/0!	#DIV/0!	(1 663)
Transfers and Grants		–		–	–	#DIV/0!	#DIV/0!	–
NET CASH FROM/(USED) OPERATING ACTIVITIES	26 496	6 171	32 668	13 937	(26 496)	#DIV/0!	#DIV/0!	9 784
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	–	–	–	–	–	#DIV/0!	#DIV/0!	–
Decrease (Increase) in non-current debtors	–	–	–	–	–	#DIV/0!	#DIV/0!	–
Decrease (increase) other non-current receivables	–	–	–	–	–	#DIV/0!	#DIV/0!	–
Decrease (increase) in non-current investments	–	–	–	–	–	#DIV/0!	#DIV/0!	–
Payments								
Capital assets	(27 506)	(6 578)	(34 084)	(13 669)	27 506	40.10%	49.70%	(15 443)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(27 506)	(6 578)	(34 084)	(13 669)	27 506	40.10%	49.70%	(15 443)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans	–	–	–	–	–	#DIV/0!	#DIV/0!	–
Borrowing long term/refinancing	–	–	–	–	–	#DIV/0!	#DIV/0!	–
Increase (decrease) in consumer deposits	5	(0)	5	22	(5)	421.62%	421.54%	30
Payments								
Repayment of borrowing	(29)	–	(29)	(29)	29	100.00%	100.00%	(26)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(23)	(0)	(23)	(7)	23	28.73%	28.73%	5
NET INCREASE/ (DECREASE) IN CASH HELD	(1 033)	(406)	(1 440)	261				(5 655)
Cash/cash equivalents at the year begin:	2 257	0	2 257	933				6 588
Cash/cash equivalents at the year end:	1 223	(406)	817	1 194	(1 223)	-200.98%	66.77%	933